I. PM BRANDS

Test - Marlboro Menthol Lights, Lights 100's and reformulated Marlboro Menthol Some problem exists with the allocation and shipment data. The reports in question are the Weekly Promotion History Report and the other is the Shipment Allocation Report. A resolution is being sought through NYO via Gary Trentacosta and Ervin Johnson of Customer Service in Richmond. The point in question at this time is that quantities shipped and actual orders do not match. This could cause confusion when trying to read shipment data and determine performance of Test Brands.

The Retail Sell-In realized approximately 95% distribution levels. Now pre-booking for 30 Carton $3 off floor displays.

2 for 1 sales are excellent with displays selling out within one week of placement. Anticipate 100% utilization.

Sales are skewed toward packs versus cartons. This product (100's) is a pack item as with reformulated and Kings, based on the type of consumer purchasing. The average sell-in is 8-10 cartons.

Outside agency sampling begins 8/27 with a total of 8 Samplers.

Availability of carton rack labels for 100's has helped insure adequate inventory levels and secure a home for the product. Still need Lights Kg. and reformulated labels.

Availability of all Test Market packings is limited due to Out of Section chains not authorizing the product. Some accounts include: Food Lion, Winn Dixie, Harris-Teeter, Lowes and Revco. Now working the Section Managers in the areas where these accounts are located to try to gain distribution. When possible we are selling-in the product locally or exchanging at store level.

Need outdoor billboard support for the product to supplement newspaper ads. Plan to review with Nancy Brennan in Brand.

To date, chain acceptance of the 100's is at 84% as opposed to 100% on the Kings and reformulated Full Flavor.

Product movement steady when supplies of 2 for 1's and free incentive items are depleted, which tells us that we have converted smokers to the product.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Full Margin - V/Slims Ultra Lights Sell-In approximately 75% complete, with 100% accepting thus far. Two chains that declined direct shipments have agreed to use sub-jobbers.

Pre-booking is averaging 20 cartons per account with a mix of 13 Regular to 7 Menthol.

All materials for Retail Sell-In Meeting have been received. Have compiled a chain authorization form to include line numbers, force shipment data, display type/dates, and chain authorization letters, for distribution at retail meetings.

B&H Lights Box Sell-In is also approximately 75% complete. Acceptance thus far is at 96% Some accounts expressing concern at the number of new brands being introduced.

Pre-booking is resulting in an average of approximately 20 cartons per call in high volume accounts. Lower volume accounts show some concern for yet another brand. We plan to sell these accounts during down the street coverage.

All meeting materials have been received, along with the V/Slims materials.

Marlboro Lights - Many accounts report sales of this brand are surpassing the Marlboro Red sales. S/R's are monitoring the packings and adjusting inventories, where necessary, to account for sales increases and eliminate out of stock situations. Up to three additional rows are being allocated on carton fixtures to increase inventory levels.

Price Value Brands - The intro of Cambridge Full Flavor has enhanced the sales of the entire Cambridge family.

Brand awareness is intensified due to the product being placed on the permanent counter displays and the placement of the Generic pricing poster.

Media coupons have resulted in an excellent redemption rate as reported by retailers and have helped to increase the sales of all Cambridge products.

Some pricing problems at Safeway stores has surfaced the fact that the price is not in their scanners. We are working with Section 22, Safeway Headquarters in Maryland and Capitol Wholesale to correct the problem. Attacking it at store level is not correcting the problem. Final word from Safeway Hdq. is that this problem should be corrected by 9/2/87 at all stores.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

The 25¢ off display was accepted well at retail because there was a buy down at store level. An additional number of displays could have been utilized, up to 50% more than was shipped.

Coupons have a significant impact on sales, insuring adequate supplies at all times is imperative. While Carlstadt is temporarily out, we are shifting all supplies throughout the Section to insure all S/R's have a supply until new orders can be submitted.

II. COMPETITIVE ACTIVITY

American Tobacco- Pall Mall Filter 85's and 100's are now at wholesalers, with $2 off cartons from the factory attached. This coupon will continue for the first 3 months.

Merchandising - placement of 2 for 1 displays on Pall Mall Filters and a 30 carton floor display with a payment of $16.

General - Now in th process of transferring several employees from their Durham Operations to the Richmond Area. This personnel is not in the sales field, but rather in the Supervisory, Trainer, and Office Staff Area.

Brown & Williamson - Capri- Consumer awareness of this product is high due to the novelty of the packing and cigarette. Heavy sampling activity has also helped brand awareness. Sales are by the pack, as with most new brands, and consumer trial. Consumer comments are mixed, with negatives; the cigarette burns too fast, and the coal has a tendency to drop off.

Merchandising - Placement of 2 for 1 displays of 20 units with a $2 payment. All reports are that acceptance at retail level is good, with good consumer trial due to the 2 for 1 offer. High volume accounts are offered a 50 unit 2 for 1 display with a $4.50 payment.

Liggett and Myers - L&M 100's 30 pack now being introduced with very poor acceptance. Terms are $12 off a case, 30 days 3.25% and a $4 stamping allowance. Separate tax stamping records must be kept.

Merchandising - Activities include free lighter with the purchase of L&M 20's and $2 off coupon on Chesterfield, discounted at retail with no redemption necessary.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Lorillard - SSM Janet Zeland confirms their introduction of a new Generic cigarette in the next few months.

R. J. Reynolds - Currently working a promotion on all Winston packings, featuring a free redskins cold can holder. The promotion has good retail acceptance and includes a 1987/88 NFL Football Schedule. The packs are placed inside the holder at the wholesalers for the S/R to pick up. One wholesaler reported being paid a special incentive of $15 per case for packing the promotion.

Merchandising - Crew drives for POS placement have occurred throughout the Section. This has resulted in a significant number of outdoor signage of ours being lost. RJR Reps tell the retailer that their President is coming to town. (Replacement of our signs is being completed where signs are available.)

Major Customers - RJR will now have exclusive price/value business with K-Mart through Doral and private label Austin. Suppliers are being asked to sign an affidavit noting that they are not to sell any other value products to K-Mart Stores, and they understand that if they do, they cannot expect payment for those products.

Entertained Charles Hutchinson of Cliff Weil and presented him with a mounted hunting trophy, and took him out to dinner. They continue to try to sell him on Tru-Chek Reporting and buying more brands in his machines. Thus far they have had no luck.

A special event Golf Tournament was just held in Winston Salem, N.C. Eighty customers from the Va, WVa, Ohio and Maryland areas were invited to Winston/Salem to play golf, with all expenses paid. Included was a tour of their factory.

General - At all sales levels they are fighting the placement of our fixtures with continuous presentations to retailers and chains on the merits of their fixture over ours. Presentations include space based on sales, which if accepted, gives us the same amount of space as they have. We are not hurt if the retailer accepts their flex fixture.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

III. TRADE CLASSES

Distributors - Wetzel Wholesale is working with us on a Cambridge Program. The S/R controls the inventory and coupons at account. We are showing Cambridge sales up by 40% in this account YTD.

The closure of Capitol Wholesale in Salem, Va. and Winchester, Va. has had a large impact on our Section's business. Many high volume accounts are now buying stock from Edinburg, Va., which is in Section 22.

Wholesale Grocers - United Grocers are having major financial problems and it is rumored they will consolidate with a Kentucky Group that now services their convenience group. We are monitoring our stock levels in case they close their doors.

Supermarkets - Kroger is planning to open a super store at the Lakeside Amusement Center in Roanoke, Va. by the first of 1988. They have agreed to let us use this store for a System 2000 placement, as a test, for use in other stores in the chain. Kroger also plans to re-open two stores in the Danville Area they had previously closed.

Presentations of the System 2000 fixture at Farm Fresh Stores in Richmond, Va. looks very promising. We have the opportunity to update current fixturing in Richmond and extend placement of 2000 fixtures throughout the chain.

Sav-Mor, with 6 stores, was classified as a new Section chain and a Plan A was signed with a gain of 215 rows.

Foodland Stores (Greens) in Clarksburg, WVa. has accepted the System 2000 in their 5 stores. Fixtures are now on order.

Convenience - New chain "Fast Break" opened and AM M. Griffin will conduct a store audit with their Merchandising Manager and will place our M-4 displays. We also hope to gain placements of our overheads and outdoor signage or other POS.

Little Sue has signed a new Plan A contract in 10 stores and an AM Contract in the remaining stores. They have given us a commitment to also place a small double sided department marker in all stores.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

APSI Chevron Group will be buying the Fill-Em Fast Stores in the Tidewater Area. We will gain 10 package fixtures and will work with the account on special 2 pack and 3 pack promotions.

Fas Mart in Richmond, Va. has approved the placement of counter balance signs for their stores. This will be the first piece of Permanent POS in this account.

Mass Merchandising - Nothing to report.

Drug Stores - Drug Emporium in the Va Beach Area was presented the System 2000 and agreed to placements in three of their stores. Fixtures have been ordered.

Vending - Doral and some Generic Brands are starting to show up in vending machines in the WVa. Area, where these products are being sold for 30¢ less per pack.

IV. KEY ACCOUNT CONTACTS

Nothing to report.

V. MERCHANDISING PROGRAMS

Current Plan Status

New Plan A	-	9	
Resign Plan A	-	87	
PLan AL	-	16	
Plan AV	-	17	
Plan AM	-	12	
Row Gain	-	3964	(Total All Plans)

Marlboro A-1 displays still being placed, with approximately 90% complete. Still estimate 100% utilization with the new payment system. Very favorable field input regarding payment for display at time of placement via S/R expenses.

VI. SECTION ACTIVITIES

All Maroboro Resort Activities are now complete and the entire program was very successful. Over and above scheduled activities, the following was accomplished - additional store sales, using residual incentive items. For future Resort Programs, I suppest an additional supply

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

of displays be shipped for the overall Tidewater Area. These displays would be placed in accounts in the areas leading to the beach and will gain additional visibility for the Marlboro family. A total of 150 displays would be reasonable, with additional merchandise for restocking.

We were once again involved in the Chincoteague Pony Penning Festival. In addition to our activities at the Pony Festival itself, we gained added visibility in accounts leading to the island through display and POS placement. An estimated number of 40,000 people were in attendance. As we had exclusive rights to sampling and product sales on the festival grounds, our exposure was excellent. In the future, we will request additional supplies, similar to a portion of materials used at resort programs. We would like to include displays and incentive items for use at surrounding retail outlet, more samples, displays and incentives for use at store sales.

B&H Inner City Program completed with great success. All materials were utilized with additional visibility gained for the B&H family.

The Section recently participated in two accounts golf outings - they are Stop-In and Quick-E-Foods. Both outings allowed us to meet with the President and other account executives, to help build PM relations. PM's participation was greatly appreciated because of the use of Marlboro sports bags golf balls and samples. Our participation helped to make the event successful and they hope we participate again next year.

We have presented our Marlboro EMC to the Farm Fresh Stores and have been given tentative approval for placement in 8 stores. If all goes well we should be able to gain placements in the entire chain.

Plans have been made to participate in the Virginia Exposition here in Richmond, Va. on the 29th and 30th of August. This event is sponsored primarily by Food Lion and some other smaller contributors. We will have a booth and do sampling, as well as talk to the people attending about TAP/TAN and the PM Magazine.

General activities include a special inventory building program for both Value Brands and Marlboro family. In both cases, we are building inventory levels through store sales

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

and pre-book orders. Concentration is being placed on gaining additional rows for both brand families. We are conducting store sales as well.

Consumer work will be enhanced through additional store sales to include a total of two store sales per week per Rep. The Reps will spend a minimum of 4 hours per week conducting store sales using coupons (Value Brands) and incentive items (Marlboro family) and use different locations for each store sale. This will allow us to build inventory levels, increase unit sales and gain new consumers for our products.

VII. Sales Services

POS - OPMa and CMS II Modules were obtained from Section 25 to facilitate retail accounts. Since we were out of the requested units, we continue to utilize in-Section material, using the Monthly POS Inventory.

Systems - The PC screen of the newly installed planning desk equipment failed during the first week of operation. IBM promptly replaced the unit upon request. The planning desk in now operational.

Tax & Distribution - There were no new local tax increase bills proposed this period that we are aware of. The last increase was in the Tidewater Market. The West Virginia Legislature has adjourned for the year. The cigarette industry escaped unscathed due to the efforts of the Wholesalers Association. Next year, will require more efforts to prevent a Clean Air Act or tax increases.

VIII. SALES DEVELOPMENT

Nothing to report.

IX. MEDIA

Nothing to report.

X. OTHER

Conventions - The West Virginia Wholesale Association Convention was attended 8/20 through 8/23 . Section 24

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

people attending were: G. Choate, J. Porter, N. Lowen, and L. Takacs. Philip Morris sponsored the Annual Golf Tournament, which gained much visibility. Many key influential accounts were in attendance, which were contacted individually during the convention. PM was recognized many times during the convention, with special thanks from the association during the awards banquet.

Legislative Contact - Two targeted Senators and Congressman has been contacted to enlist their support against the proposed Federal Excise Tax Increase. These contacted were very positive about their position against the tax increase.

We have still been unable to gain appointments with Senator's Trible and Warner; efforts continue.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS

CAMBRIDGE LIGHTS FULL FLAVOR - Pulled from section 2 for 1 allocation A total of 68 3m cases of promotional product was shipped to 416 EMRO stations serviced by Bosart.

Acceptance to date at combined retail is estimated at 85% as in house application of $1 off coupons at key distributors using outside part-time manpower has been extremely successful. Re-orders look good.

BENSON & HEDGES DULUXE LIGHTS 100'S BOX - Presented jointly with New Virginia Slims Packings in many accounts acceptance has been 90% to date.

Section retail meeting will focus on retail prebook and introductory activity on August 28th. Some resistance from distributors toward box packings as anticipated.

VIRGINIA SLIMS ULTRA LIGHTS - Additional quantities of 2 for 1 promotional product has been secured for forced distribution through Bosart for EMRO Eastern Division. Additional displays have been obtained and will be shipped to involved SR's in Sections 23, 24, and 25 for early October implementation.

Anticipated acceptance should be a minimum of 90% - while some chains have not yet committed - no unusual resistance is noted. Once again, retail prebooking effort is working very well and is our primary vehicle for gaining quick acceptance in wholesale accounts and for sell in product over and above allocation.

TEST BRANDS

- PM Blues - extreme slow movement reported from Gummer Wholesale, J. F. Walker, and most significant, Bosart with 44 cases stamped product, 64 cases unstamped. In cooperation with brand group and national accounts have received approval for converting 64 cases to 2 for 1 product and distributing to 169 Cleveland - Akron area EMRO retail outlets. (EMRO had received authorization from customer service to return this unstamped product an unsaleable - when this alternative was presented). An assortment of displays will be shipped to accommodate this promotion - will offer EMRO $2 per unit. While we must seek and obtain final approval from EMRO Eastern, I am confident we can gain acceptance.

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Test Brand Cont.

EMRO station is supplied by Bosart account for 9% of PM volume in the PM Blues test area and are among the best pack promotion outlets available.

INDUSTRY SALES

- Most Ohio distributors let inventories run down to avoid floor tax which was to be calculated at 12:00 am 7-15.

II. MAJOR COMPETITIVE DEVELOPMENTS

AMERICAN

- Attempting to buy carton rack space abandoned by Lorillard - new signings in independents at 20 rows max.
- Buying 2 bottom shelves on our AG units @ $3 per row.
- Malibu movement slow with very few re-orders.

BROWN & WILLIAMSON

- Falcon has been loaded into distributors with no discernible movement and no apparent effort by sales force to move product out. Distributors complain that product is taking up floor space needed for faster moving brands.
- Some shelf payment bonus in effect for accounts stocking GPC - as much as $20 per month difference for accounts stocking Generics.
- Buying GPC rows @ $2 per row anywhere in the store they can get them.
- New SR hired in Frankfort, Ky. area.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

LIGGETT

- L&M Light 100's 30's are at retail. $38 payment for 30 ctn. dump bin and $5 per month for large window poster. No pack promotion evident at this time. Distributor reps receiving 25¢ per cartons sold.

LORILLARD- Nothing to report

R.J. REYNOLDS

- Crew drive in Somerset, Ky. targeted PM POS and fixtures met with limited success. We will counter with crew drives of our own as time, materials, and manpower permit.
- Accounting for "overhead payments" as checklane displays in several locations.
- Former Lexington DM, now an SR, has opted for early retirement.
- 8½ cases of Vantage 2 for 1 product shipped to Super America W/O 7-20.
- RJR and Clark Oil Management discussed removal of PM overheads at "whining" and dining session which included Reds game - result PM lost 8 overheads.

GENERICS

Liggett - Rainbow, a private label produced for Flemin Foods, Johnson City, Tn. Features $2 off carton coupons with 20¢ per retailer incentive. Cost Cutter features lighter with carton.

RJR - 50¢ off coupons are appearing, in some areas, on Doral cartons - no obvious pattern.

TIII. TRADE CLASSES

WHOLESALE DISTRIBUTORS

- Bellis Wholesale, Lexington has been purchased by J.F. Walker.
- Removed Bluegrass cigar as promotional product shipping point as account has a history of selling this product to accounts.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

RETAIL SUPERMARKETS

- Thriftway Food and Drug is taking electronic message center video to committee for approval.
- Kroger Cinn. has accepted Marlboro Sports Bag A-1 and all Virginia Slims Ultra promotions thru the end of 1987.

CONVENIENCE STORES

- EMRO will approve 2 for 1 promotions for V.S. Ultra Lts., B & H Box and PM Blues - all product will be shipped through Bosart.

GAS STATIONS

- Ashland Petroleum has strong interest in a PM 3 pack promotion in dealer stations to include signage. Additional details will follow.
- Clark Oil - RJR has placeed 8' Flex Racks 3 larger stations. Pending with PM Plan A 9 Stations - 58 rows and Plan AM for remaining 90 Stations.

VENDING

- Datavend pending in Pioneer and Stern Vending.

IV. SSM KEY ACCOUNT CONTACTS

KROGER G.O. - Accompanied Pete Paoli in presentation to Rich Shea on behalf of FVB (cost cutter) and value center merchandising. Rich is receptive and will review information provided.

SUPER AMERICA - Contacted Ron Geis concerning upcoming changes in Plan A. Will schedule follow up proposal.

BOSART - Contacted Jim Spezia and Jerry Carl concerning new brand introduction, PM Blues movement, and special 2 for 1 promotions with EMRO.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

V. MERCHANDISING PROGRAMS

Carton Programs

PLAN A

Row Gap/Independents - 322 stores remain with gaps with 127 still below 51 row minimum. 21-41/45 row agreements were upgraded during July. Gaps were closed in 27 accounts with total upgrades at 57. Initial reports for August indicate even more significant results.

Chains - SAM's and AM's are using row gap analysis to zero in on opportunities here.

19 Kroger Cincinnati Division Managers have requested 4 or 7 wide PM value centers. - decision pending at H.Q.

4 wides have now been placed in 10 Circle K Stores previously non-complied.

PLAN A-1

Chain placement will continue into September due to delays in securing authorization letters.

PM FIXTURES

CARTON - Commitments for 15 system 2000 placements have been gained in august. This includes 6 store Metro Supermarket chain in Dayton.

VI. SECTION ACTIVITIES

SAMPLING PROGRAMS

Marlboro Summer Program has concluded with favorable results. Many partners were retained for Va. Slims Program.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

REGION 3

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS

NEW BRANDS

Cambridge Family

. Generally selling well, menthol sales slower. $1.00 coupons in all territories vs. slowdown of Doral couponing efforts (50¢/carton and apparent emphasis in higher volume urban areas) gives us opportunity to dominate branded generic sales -- provided coupons are made available.

Virginia Slims Ultra Lights

. Retail pre-booking has virtually guaranteed most wholesalers will sell initial allocations. Wholesaler acceptance: 100%.

PM Sales

. YTD, +6.0% in NC. Biggest declines: Players Black, -31.4%; Players 25's, -40.7%. Major increases: Marlboro Lights. King Size, +12.2%; Lights 100s: +9.9; Marlboro Menthol, +15.7% (possible effects of VA test market on Lights Menthol, which sells well in spill-over areas).

Industry Sales

. Mr. Resnik's visit to tobacco belt opening day was very positive for PM and the industry. Immediate media coverage was excellent, reassuring to tobacco farmers. Ongoing media support has also been very positive.

II. MAJOR COMPETITIVE DEVELOPMENTS

American Tobacco

. Pall Mall Red Filter 85/100s introduction continues: B1G1F with $1.00 coupon pack promotion, $2.00/carton coupons. SRs reporting they will continue this effort for 11 weeks.

. Discontinuing Carlton Slims and Lucky Strike Menthol. Will pick up.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

. Malibu: Generally good distribution. Sales poor-to-fair only; reports of some movement among black smokers; 30¢/pack coupons, $3/carton coupons. Poor response to graphics.

. Increased wholesaler handling allowance on B1G1F to 15¢/carton.

Brown & Williamson

. Capri: NC test market expansion delayed for unknown reasons/duration according to reliable B&W rep, except along I-95 in cigarette houses. Heavy Capri sampling at NC Food Dealers Association Convention created much interest and comment. SRs labeling carton rack space although not in distribution, usually as close as possible to Virginia Slims family. Extreme NE NC (2D0 Tidewater market area) seems to be part of VA test market area, but retail promotions not yet underway.

. Falcon distribution good, but sales are very slow; $2.00/carton 20¢/pack coupons.

. Hiring new PT merchandisers, 20-30 hours/week, to rotate stock, remove old stock for SR pickup, build displays, etc.

L & M

. L & M Lights 30's: Introduction continues, response from wholesale and retail continues poor. Floor bins: $15/15 cartons, $5 for poster. Comment from Pall Mall NF smoker: Unpleasant, stronger taste than her brand. Eli Witt, Winston-Salem refused to stock it, among others. Retailers report SR sell-in activities are first L & M rep visit in two years, some crew-working involved.

. New Plan A payment for Cincinnati/Atlanta $27 payment cap, 10 row maximum. Also trying to get top two shelves of AV's for GPC products in some areas at 46¢/carton, no success due to loss of AV payments.

. Generics: $1.00 and $2.00 coupons.

Lorillard

. Continued very low levels of retail activity.

. Their Asheville SR said they were on a drive to cut carton fixture contracts to reduce rows; unsaleables extremely high (picked up 360 cartons in one day).

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

R. J. Reynolds

. Doral: Increased use of 50¢/carton coupons as $1.00 versions are depleted; more concentration in urban areas, little activity in NC rural areas where generic sales are strong.

. Hiring additional PT personnel to work retail (couponing, merchandising, etc.).

. Continue to target our OPMs for replacement with theirs, paying whatever is needed. We have regained some due to flimsiness of their new OPM, but payments are usually enough to protect theirs.

. Booked 180-carton mixed brands displays, often couponing only 100 cartons; retailers upset over unexplained 80-carton gap.

. Also booking 90-300 carton Winston family displays, $2.00 coupons, sales excellent. Similar mixed Winston/Salem/Vantage displays along I-95, $1.50 coupons with 3-carton purchase.

. Media coverage of new electronic carton fixture prompting retailer interest and inquiries; media reports available in quantity late '87. One in test in Charlotte Food Lion store, response positive from store personnel.

. Refused to honor commitment to provide carton fixture for model C-store at SE Petro Food Exposition in Charlotte, 3 hours before start of show, probably because we had OPM, M-4, clock, etc., as approved by coordinators. Lost much rapport, good will, which may cost them even more at next year's show.

. RJR reps report rumors of More Lights 100s in brown wrapper, and More Lights 120s test market expansion or national launch.

. RJR field management comments indicate early retirement option had adverse effect on sales reps: Older reps feel they are being "pushed out," but concerned company will "get rid of them anyway" if they don't accept these offers.

III. TRADE CLASSES

Wholesale Distributors

. Atlantic Tobacco, Raleigh, NC - Will become fill-in jobber for Winn-Dixie "marginal brands," which should improve our distribution. Stores may order to satisfy demand, not be limited to W/D warehouse-stocked brands.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

. Southco, Goldsboro, NC , reports very positive results from purchase of Stokes Distributors, Roanoke Rapids, NC; gives Southco strength in upper NC and VA where they were previously weak.

. M. H. McLean, Lumberton, NC, no longer accepts "2 for 1" shipments, saying they are too much trouble. We will ship these into Atlantic Tobacco, Fayetteville, NC.

Supermarkets

. Food Lion, Salisbury, NC., will test pack vending in selected high pilferage stores. We will monitor impact, expansion plans, etc.

. Byrd's Supermarkets, Burlington, NC - May be undergoing management shake-up. Reported that President Bill Spearman has been dismissed and various members of the Byrd family will be regaining control. The Byrd's have been pro-RJR, so this would not be in our best interest. Will follow-up and evaluate.

Convenience

. 7-11 Stores in Greenville, NC, area have removed all cigarette displays except for PM and RJR.

. New Chains Added:

- Convenient Mart, Greensboro, NC. 10 stores, formerly franchise outlets.
- O'Henry's Food Stores, Fayetteville, NC (4 stores)
- Strickland's Grocery, Fayetteville, NC (5 stores)

Mass Merchandisers

. Nothing to report.

Drug

. Value Pak, Dunn, NC. We continue to expand PM carton fixtures, now 11 of 15 stores set.

Vendors

. All Brands Vending (Eli Witt) Asheville, NC, requested 600 maxi vend units as warehouse inventory. We committed to providing them on an as-needed basis, per our policy.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

IV. SSM KEY ACCOUNT CONTACTS

No contacts this period.

V. MERCHANDISING PROGRAMS

CARTON MERCHANDISING PROGRAMS

Plan "AM"

. AM signed with:

- Scotchman (Wilmington, NC, 135 stores); Quick Stop (Fayetteville, 90 stores); Handee Hugo (Elizabethtown, NC, 15 stores); Minuteman (Elizabethtown, NC, 12 stores); One Stop (Shelby, NC; 6 of 15 stores), Trade Oil (Greenville, NC, 8 stores).

. - Total AM added this period: 6 chains, 266 stores.

Plan "A"

. S & R Supermarkets (Elizabeth City, 6 stores). New Plan A POG increases from 41 to 51 rows.

. Brendle's (Elkin, NC, 38 stores): New POG increases rows by 776, averaging 20 per store.

. Wilco (Winston-Salem, 78 stores): Now 100% penetration with addition of 12 80-row contracts.

Plan "A-1"

. Size of largest unit prevented carrying more than one per SR van. Header card resisted by some accounts due to large size. Overall, high utilization, excellent retail and consumer impact. Cash payment method well-received.

Plan "AV"

. Chains added:

- A & P (Charlotte, 77 stores), two 4-wide units per store.

- Wilco (Winston-Salem, 78 stores), 7-wide replaced 4-wide units.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

- Food Lion (Salisbury, 401 stores), testing two 4-wide units in one store.

. Steady gains at independent outlets.

PACKAGE MERCHANDISING

Plan "B/M"

. Triangle Stops (Hendersonville, NC, 14 stores) accepted M-4 for all stores, an increase of 10 stores.

Plan "BV"

. Quick Stop (Fayetteville, 90 stores) considering display, decision by end of September.

PM FIXTURES

Carton

. Series 2000 test unit still on location in Winn-Dixie Charlotte store.

Package

. Continuing to lose OPMs for RJR's new version and payments. However, RM's have backlog of OPM placement orders, some due to retailer dissatisfaction with flimsiness of RJR's new OPM. In long run, RJR payments will cost us OPMs.

. Kroger custom package fixtures placements underway.

VI. SECTION ACTIVITIES

Retail Activities and Accomplishments

. Account coverage 23 of 59 assignments at 90+%. Vacations, new hires, STDs impacting on coverage.

. Daily call rate of 10.0, down slightly from 10.9. Very time-consuming A-1s impacted call rate.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Headquarter Management Activities

. Virginia Slims Ultra Lights sell-in completed with 100% acceptance.

. Marlboro Market Baskets accepted by Piggly Wiggly (9), Ingles (75), White Star (80), Brendle's (33).

. Logo clocks accepted by Handy Mart (28), Kwik Mart (15).

. Marlboro "3 Packs for ----" banners being placed for Zip Marts (73), Scotchman (134), Li'l Thrift (64).

. Personalized counterbalance signs accepted by Zip Mart (73).

. AV test in Food Lion implemented with two 4-wide fixtures, evaluation underway for possible expansion.

. Plan AM added in six chains with 266 stores.

Objectives This Period

. Follow-up on Cambridge family distribution gaps at wholesale and retail.

. Follow-up on VS Ultra Lights wholesale introduction for depth of inventory. Retail VS Ultra Lights introduction, after highly successful pre-booking efforts.

. Continue management sell-in of B & H Lights Box, SR pre-booking activities. (Far lower BDI for both B & H and box packings than for VS family, pre-booking results will be interesting to compare.)

. Re-signing of Plan A's; signing AM's, AV's.

. Expansion of PM fixture placements.

. SPACE TREK!

VII. SALES SERVICES

. Still no Cambridge carton rack labels, which are critically needed. Recommend expedited delivery once they are available.

2043944973

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

. OOS on Cambridge coupons will undermine couponing efforts. With sufficient supply, overordering should taper off as a function of confidence in supply.

. Marlboro Pricer Board is very attractive, well-received at retail. However, very time-consuming to place each letter and number. Rolling numbers would reduce installation time.

. SPACE did not pick up distribution entries via scanner for Cambridge FF 100s for most recent reports. Problem fixed, but will require SRs to reenter data.

VIII. SALES DEVELOPMENT

. RJR has a new leave-behind which gives a visually impressive overview of RJR Nabisco. We need an equivalent. We recently had a request from a Miller Beer distributor for such a booklet so he could educate his people as to why they should not be smoking competitive products. (We provided available materials, copy of PM Co's Inc. videotape, etc., but a glossy brochure was needed.)

IX. MEDIA DEVELOPMENT

Nothing new to report.

X. ASSOCIATIONS/CONVENTIONS/MEETINGS

. 08/08/87 - Attended dinner at Adam's Mark Hotel in Charlotte, N.C., in connection with NC Food Dealers.

Week of:

. 08/10/87 - Attended SSM meetings in Atlanta.

. 08/21/87 - SSM SPACE TREK Meeting in Atlanta, Georgia

. 08/23-27 - Attended SAM II Seminar in Atlanta, Georgia.

. 08/28/87 - Section SPACE TREK Meeting in Greensboro, N.C.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

XI. SSM MISCELLANEOUS COMMENTS

SSM Vacation Days: 08/14, 17, 18, 19, 20 = 5 days

2043944975

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. Marketing Conditions

Virginia Slims Ultra Lights introduction is progressing towards completion with virtually no negative response. The success of the parent packings gives it appeal to all. In presentations personally attended this week, buyer at Bi-Lo was impressed with program and agreed it was the only box packing to move in his market area. Other managers report a like response. Division chains are 100% as per SRO's.

Distributors.....95%

Chains:

Accepted.....83%
Pending.....17%

Only one eight store chain has refused the product. Positive response from Bi-Lo, Big Star. Winn Dixie has not been presented to date in either division due to a cancelled appointment and has scheduled an appointment for September 1, 1987.

Benson & Hedges Lights Box introduction, for most managers, is lagging approximately one month behind the Virginia Slims introduction as per the PPP. Comments received from the SAM and AM indicate the acceptance at direct distributor level is 100% in the preliminary coverage. Approximately 20 calls have accepted. To early to give figures. Comments are positive on the packing.

Cambridge Full Flavor has had no change in distribution during the period. Acceptance remains:

Chain.....84%

Discussion with Bi-Lo this period showed need to develop a presentation for the account to convince them the addition of Cambridge is not a threat to their own Brand "Always Save", but an additional profit. This philosophy was demonstrated by the addition of "Malibu" which they feel is no threat but a product they gain pick up intro and merchandising monies and then return.

Sales on the product in the rest of the Section continue to gain momentum with the B1G1F product. Couponing has also increased the sales of the brand.

2043944976

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Cambridge Lights distribution has also remained unchanged since last period. Sales on the product are steadily increasing. Acceptance remains:

Chain.....94%

Players Lights 25's - Unchanged

Philip Morris Sales for the period ended were down 4.4% YTD (3.7- month). Marlboro Lights and Cambridge provided the only positive figures in the report. Every effort is being made to solicit additional orders and to maximize the effect of the current product introductions.

TAP/TAN activity this period was confined to participation in two Section meetings by Governmental Affairs Region Manager Carl Johnson. Carl planned an excellent program to highlight his job, Philip Morris Governmental involvement programs, and how the individual can help change the current trend. He was well received by both groups.

II. Competitive Developments

American Tobacco promotion remains on **Malibu** and **Pall Mall Filter -- no change.**

Brown and Williamson continues to expand **Capri** throughout the Section. Distributor presentations have been made in Greenville. Product, however, has not shown up at retail. **Falcon Lights** sales remain very slow. It is reported that distributors are again being paid to assemble promotions. Amount of pay is unknown.

Liggett & Myers offer on the "Total" brand offering the $2.60 rebate carton to retailers has not yet been taken by any chain, but many have been presented. **L&M 30's** are at retail but movement is reported slow (South Carolina only). Lafayette wholesale in Rossville (on the Tennessee/Georgia state line) is shipping the product only into Tennessee.

Lorillard activity is still centered around **Newport.** Couponing continues around the Section.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

R. J. Reynolds continues to run the coupons on their products. As reported, rumored to be offering $25.00 monthly pay to accounts for placement of a 4-wide **Doral** rack. Nothing is in writing. They are also sending consumers a letter and questionnaire regarding smoker's rights. It is called "Choice". Looks like a way to expand their mailing list and to try to offer something similar to Philip Morris Magazine.

III. Trade Classes

Distributor activity is centered around the move of **Newton Tobacco** to their combined **Newton/Canton** facility in Canton, Georgia. Many problems forced them to practically cease business for a short period. To date, it is still not returned to normal.

Wholesale Grocer activity was unchanged. **McLane SE** had inquired about changing from one day to same day delivery. Information received from Customer Service, however, showed Athens was too far to accomplish this change.

Supermarket activity shows **Piggly Wiggly** (96 stores) is postponing conversion to NSS indefinitely. We will gain additional Plan A rows instead. **Community Cash** (43 stores) continues to convert to NSS. **A&P/Atlanta** (58 stores) has accepted our 7-wide Value Center to be installed in all stores. They also will have a 4-wide RJR unit.

Convenience Store activity, following the sale of Mr. B's, has Merchandising Manager Lori Snow moved to **RaceTrac**. Our proposal for OHPM's and related items will be dropped due to **Charter Marketing** having their own theme for the stores. **Fast Fare** Southern Region (187 stores) has tentatively accepted our OHPM. Approval was received from headquarters in Baltimore. This has been a long fight for AM William Junker. Another region is also interested.

Newsstand activity -- **W. H. Smith (Elson's)** (156 stores) temporary B&H promotion with lighter got off to a late start due to the materials arriving late. July 29 display was implemented August 19. Director of promotions has approached me several times on the status of the proposal presented by Paul Bernardo, Sales Planning, in July. Time is critical to the implementation and we are risking losing the display, sign, bags, matches, if we do not make a decision this week. I will contact Paul again the week of August 24.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

IV. SSM Key Account Contacts

Week of 8/3	Vacation		
8/10/87	Philip Morris/Patrick Golf Outing		
8/17/87	Bi-Lo, Inc.	Mart Orr Buyer	Sign all new Plan A contracts. Present VS UL
8/18/87	Winn Dixie/ Greenville	Tony Owen	Appt. cancelled while in lobby.
8/19/87	Big Star	Cliff McKnight	Reviewed revised Plan A, revised Plan A, revised carton fixture & intro. VS UL

Remainder of month taken up with SSM meetings and Section meeting and SAM seminar.

V. Merchandising Programs

Carton Merchandising Programs

Plan A
Bi-Lo (165 stores) contracts signed with immediate implementation. **RaceTrac** (118 stores) still pending. Other Plan A's below minimum being addressed with individual accounts.

Plan AM
W. W. Fowler (10 stores) pending. **Hewitt Brothers** (22 stores) accepted (7-wide -- 4-wide Value Centers). **A&P/Atlanta** (58 stores) has accepted the 7-wide proposal for all stores. They will also use an RJR 3-wide unit for RJR product. **Piggly Wiggly/Charleston** (96 stores) still pending.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Counter Merchandising Programs

Plan B
Pending this period -- **W. W. Fowler** (10 stores) M-4P

Special Merchandising programs

Marlboro A-1 Sports Bag -- Good acceptance all stores.

Philip Morris Carton and Package Fixtures

Carton Rack -- Winn Dixie/Atlanta (94 stores) still pending.

Package -- Munford conversion continues.

OHPM -- Fast Fare/Southern Region has accepted all stores (182).

VI. Section Operations

Training of SAM position continues through period. Utilization of the planning desk system has been hampered by excessive down time of access to information. Overall progress to date is good.

The AM/SAM group is presenting the new packing intros in all accounts.

DM's continue to refine the information input to the Call Book. New audit forms for SAM/DM/AM use is being put in place now to assist in correcting inaccurate input.

VII. Sales Services

Fleet Department - system should be set to include Section Office in initial correspondence on purchase of vehicles. Problems are generated when vehicle quotes are obtained and no money received by Fleet. Many cars are away from Section Office and out of sight of Management.

VIII. Sales Development

No comments this period.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

IX. Media Development

No comment

X. Associations and Conventions/Meetings

None this period

XI. SSM Comments

The quick pace of developments keep us on our toes. SAM positions are working, to different degrees, but producing results. The effort expended will be worth it when the first major results are obtained. I am pleased with the progress.

2043944981

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS

Section figures continue to be adversely affected by customer shifts and distributor closings. Sales team currently involved in follow-up on Cambridge Full Flavor and pre-booking of V.S. Ultra Lights and Benson & Hedges Light Box.

Cambridge Full Flavor/Lights

Holdouts and Reason - Direct

Winn Dixie, Jacksonville, FL (90 stores) Pending due to slow sales on Lights.

Winn Dixie, Montgomery, AL (118 stores) Refused Full Flavor due to competition to Price Breaker.

Delchamps, Mobile, AL (90 stores) Pending.

Non-Direct

Diamond Oil, Atmore, AL (11 stores) No generics in distribution.

M&M Supermarkets, Savannah, GA (11 stores) Continue to follow up with AV presentations.

Feaster Oil, Monroeville, AL (23 stores) No generics in distribution.

Tom Thumb, Crestview, FL (97 stores) Only carrying Doral.

Central Florida Oil, Ocala, FL (8 stores) Pending on Full Flavor.

Time Saver, Statesboro, GA (35 stores) Pending Full Flavor. New Buyer should resolve.

Barnes Supermarkets, Pensacola, FL (13 stores) Pending Full Flavor.

Delta Oil, Bay Minette, AL (43 stores) Pending Full Flavor.

Nuggett Oil, Crestview, FL (44 stores) Pending Full Flavor.

Publix, Jacksonville, FL (61 stores) Full Flavor pending; approved at Lakeland. Accepted through secondary supplier.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Virginia Slims Ultra Lights

Holdouts and Reason - Direct

Winn Dixie, Montgomery, AL (118 stores) Pending.

Delchamps, Mobile, AL (90 stores) Pending.

Haile Tobacco, Savannah, GA. Pending, Buyer on vacation.

Lewis Bear, Pensacola, FL. Pending - will not accept until Tom Thumb accepts.

Non-Direct

Publix, Jacksonville, FL (61 stores) Refused - accepting no new product whatsoever. Approved through secondary supplier.

M&M Supermarkets, Savannah, GA (11 stores) Pending - committee.

Millers Supermarkets, Crescent City, FL (11 stores) Pending - committee.

Tom Thumb, Crestview, FL (97 stores) Pending - committee.

Benson & Hedges Light Box

Holdouts and Reason - Direct

Delchamps, Mobile, AL (90 stores) Not presented.

Winn Dixie, Jacksonville, FL (90 stores) Not presented.

Winn Dixie, Montgomery, AL (118 stores) Not presented.

Haile Tobacco, Savannah, GA. Pending, Buyer on vacation.

Lewis Bear, Pensacola, FL. Pending - will not accept until Tom Thumb accepts.

Non-Direct

Charter Marketing, Jacksonville, FL (290 stores) Not presented.

Lil Champ, Jacksonville, FL (200 stores) Not presented.

Huntley Jiffy, Orange Park, FL (320 stores) Not presented.

Publix, Jacksonville, FL (61 stores) Refused - accepting no new products except through secondary supplier.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

M&M Supermarkets, Savannah, GA (11 stores) Pending, committee.

Handy Way, Crescent City, FL (132 stores) Pending, committee.

Millers Supermarkets, Crescent City, FL (11 stores) Pending, committee.

Players 25's

Distribution remains stable, sales slow. Category being dominated by Richland and Century through $2.00 coupons and B1G1F.

Generic Brands

Doral continues to dominate, but are reducing coupons, both in numbers and value. Cambridge being assisted and are head to head with Doral where position and coupons are equal.

Black and White continues to decline.

II. COMPETITIVE DEVELOPMENTS

American

Most activity on Malibu. Sales very slow. Gained space on non-self-service fixtures due to payments.

Brown & Williamson

Placing new low profile counter displays. Falcon and Capri sales very slow and spotty.

Kool to be featured brand in September, offering $2.00 coupons and B1G1F. In addition, factory shipments on Bel Air, Raleigh, and Viceroy will have $2.00 coupons attached.

L&M

New generic entry, Rainbow in Alabama. Developing Value Center for private label with Huntley Jiffy. Also working L&M 30's in selected markets.

Lorillard

Lost distribution on Newport Lights with Piggly Wiggly, Vidalia, GA due to slow sales.

2043944984

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Competitive Activity Continued

R. J. Reynolds

Written contract for payment on OPM forwarded to Region; $100.00 placement bonus, $18.00 per month to replace PM's OPM.

Telling accounts they will match PM's Value Center payment no matter what it is.

III. TRADE CLASSES

Wholesale/Distributors

Few problems during this period other than usual complaining about brand proliferation.

Supermarkets

Delchamps, Mobile, AL (90 stores). Remains positive for additional Plan A rows to include full distribution of Cambridge.

Winn Dixie, Montgomery, AL (118 stores). Indications are that all stores will be converted to self-service fixtures. SAM reports we will have Plan A for 54 rows.

Drug

Eckerds Drug - New POG indicates PM space on bottom, NSS, 3 cartons high. Have not received new POG from Miami.

Convenience

Sunshine Jr., Panama City, FL (350 stores). Has agreed to test our 3-pack banner in 100 stores in Panama City. Also agreed to Counter Balance signs in 19 Georgia stores.

Time Saver, Statesboro, GA (35 stores). New management team should be easier to work with, and should resolve Cambridge problems.

Mass Merchandisers

K-Mart store memorandum advises only Doral, and Reynolds manufactured private label, Austin, will be authorized Value Brands. This, of course, will exclude Cambridge distribution.

2043944985

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

IV. SSM KEY ACCOUNT CONTACTS

7/29/87 Delchamps, Mobile, AL (96 stores) - Accompanied AM Teefey in follow-up on expanded Plan A and Cambridge acceptance. PM Value Centers previously presented, but rejected by committee. Russell wants Cambridge, but is unsure where to merchandise the product. Is also concerned about the 51 row floor on PM Plan A.

8/3/87 Sunshine Jr., Panama City, FL (320 stores) - (Buyer Gene Bush, Director of Merchandising Annette Trojillio) - Presented banners, AM, Counter Balance, and upgrade of B/M. Banners and Counter Balance look good; AM is questionable.

8/7/87 Lil Champ, Jacksonville, FL (200 stores) - (President Eddie Jackson) - Presented Virginia Slims Ultra Lts. - Accepted with promotions. Followed-up on BV and Prime B position - Eddie is still considering both.

8/14/87 Charter Marketing, Jacksonville, FL (340 stores) - (Buyer Carty Terrell) - Presented Virginia Slims Ultra Lts. - Accepted with promotions - followed-up on AV (discussed BV). Will follow-up on both next trip.

8/4/87 Certified Grocers, Ocala, FL (Buyer Mike DeChane) - Discussed final details on trade show and Marl.Ctn. Promotion. (300 of 1000 displays sold to date.)

8/16-17/87 Certified Trade Show, Orlando, FL - Contacts - Pres. Jack Hollrah, Warehouse Director Frankie Mathis.

Mike DeChane - Discussed Richmond shipment cuts.

Millers S/M, Crescent City, FL - Jeff Zumbar, Director of Merchandising and Tom Ruble, Director of Store Operations. Discussed PM pack fixtures.

Huntley Jiffy, Jacksonville, FL - Ward Huntley and Don Wyatt Showed PM fixtures.

8/18/87 Winn Dixie, Montgomery, AL (118 stores) Merchandiser, Jerry Cooner. Discussed self-service merchandising, Plan A, Cambridge, Value Merch., V.S. Ultra Lts. This Division is moving self-service and I feel PM will have a Plan A. Value rows still a more remote possibility.

8/19/87 Huntley Jiffy, Jacksonville, FL (320 stores) - Merchandiser Don Wyatt - Presented V.S. Ult. Lts. - Accepted; Marl. A-1 - accepted. Discussed Cambridge merchandising- still pending.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

V. MERCHANDISING PROGRAMS

Plan A

Verbal commitment received at both Delchamps in Mobile, and Winn Dixie, Montgomery, AL for increased Plan A rows. Early September signings expected.

System 2000 appointments at M&M Supermarket, Savannah, GA (11 stores) and Millers Supermarkets, Crescent City, FL (11 stores) were productive. Both asked for additional information. Follow-up to be made early September. Scheduled appointment at Millers for 8/26/87 was cancelled on 8/25/87.

Plan AV

Numbers continue to increase due to updated payment. Numbers have increased from 512 to 559 since August 13th.

Plan A-1

Marlboro Sports Cap was well received at Certified Trade Show. Final numbers sold not yet available.

Marlboro Sports Bag was well received and numbers allocated to Section were all sold. Good consumer reception.

Plan B

Continue to work toward increased prime position percentage.

Good progress being made with BV's now that units are available. Increase of 44 contracts in independents in this period, probably due to specific objectives being set.

VI. SECTION OPERATIONS AND ACTIVITIES

Retail

Better territory management allowing more flexibility to develop Plan A's, AV's, A-1's, BV's, and new brand activity.

Headquarter

New brands, Virginia Slims Ultra Lts., B&H Lts. and follow-up on Cambridge; Merchandising Programs, Fixtures and POS.

AM's and SAM continue to follow-up on above and results are starting to come.

2043944987

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

VII. SALES SERVICE

Planning Desk Plotter not working. Laser Printer arrived week of 8/10/87. Planning Desk still has not arrived.

VIII. SALES DEVELOPMENT

Nothing to report.

IX. MEDIA

Act Media apparently has good reputation and rapport, as both Winn Dixie and Publix supported program.

X. ASSOCIATIONS/CONVENTIONS/MEETINGS

SSM Meeting	8/9-13	Atlanta, GA
Higdon Grocery Co. Trade Show Attended by DM Scott Peters and AM Deborah White-Herig.	8/9-10	Tallahassee, FL
Sunbelt C-Str. Expo Attended by AM Pat Teefey.	8/14-18	Biloxi, MS
Certified Trade Show Attended by SSM Wren, SAM Linda Patterson and AM Bill Swain.	8/15-17	Orlando, FL
Star Trek Meeting Attended by SSM Wren	8/21/87	Atlanta, GA
Small Group Meeting Attended by SSM Wren and SAM Linda Patterson.	8/23-27	Atlanta, GA
Section Meeting Attended by all personnel of Section 33.	8/28	J'Ville, FL

XI. SSM COMMENTS

No comments this report.

2043944988

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS

New P.M. Brands

Cambridge Full Flavor -- acceptance of this brand continues to be positive. Distribution will continue to be reported in the weekly update.

Virginia Slims UL and B&H Lights Box -- simultaneous sell-in of brands at direct level is being well received. Distribution accomplishments will continue to be provided via weekly updates.

Philip Morris U.S.A.

Year-to-date volume is on the plus side for the Orlando (3MO) and Tampa (3LO) markets. Orlando's significant growth is attributable to Marlboro gains. Miami (3KO) continues to decline; in this market, all major packing except Marlboro and Cambridge are experiencing volume losses.

Industry

There is some concern in the industry over merchandising dollar being taxed under the State of Florida's new 5% advertising/services tax law.

Accounts are assuming that the manufacturers will pay the tax.

II. MAJOR COMPETITIVE DEVELOPMENTS

American

Malibu -- distribution and sales in all 3 trading areas is declining even with constant flow of $2.00 and $3.00 off coupons. Distribution estimated to be 70%.

American seems to be pursuing a new program with coupon redemption at retail. Rather than sending coupons to a clearing house, credit for all couponed product is being deducted off invoice at time of purchase by American reps. Retailers appear to be pleased with this program. American's current activities appear to be having little impact on PM business.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Brown and Williamson

Capri -- sales of this product rapidly declining in all three markets. Sampling program being handled by outside firm targeting consumers in high volume supermarkets using free pack with coupon packet worth $4.00. Currently $3.00 off coupons on cartons. Pack promotions feature 2 pack with pen set or lighter. Chain buyers consider this to be a novelty brand and anticipate continued declines.

Falcon -- brand in distribution in all three markets. No retail activity noted during this month.

Richland -- B1G1F promotion and $2.00 off coupons generating little movement.

Liggett and Myers

L&M 30 pack has not been reported in any market.

Class A Generic -- reps working B1G1F displays in convenience stores along with $2.00 off carton coupons on floor displays. Sales minimal.

This competitor's activities do not seem to have any noticeable impact on PM sales.

Lorillard

Newport -- heavy promotions this month including B1G1F, two pack with lighter, and $2.00 off cartons coupons reported in all markets. $2.00 off coupons generating increased sales having an impact on B&H Menthol packings.

Newport Stripes -- rumors of new product test in Ft. Myers. Will supply additional information when confirmed.

R. J. Reynolds

Magna -- sales beginning to slow, although still outpacing competitors' recent entries. Retail promotions limited.

Winston and Salem -- major emphasis seems to be directed toward these two brand families. Heavy $2.00 carton coupon support generating increased sales. Pack promotions feature unlimited B1G1F.

2043944990

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Doral -- coupon support in all three market areas has decreased in quantity and value. Reports indicate 50¢ and $1.00 coupons are on less than half of visible inventory. Sales of couponed Cambridge are increasing as a result.

Military

Nothing to report.

Generics

B&W and L&M's "Black and White" generic products continue to decline sharply.

It appears that after several months of heavy coupon support and retail promotion of generic-priced products, most competitors are shifting retail support to major full-priced brands.

III. TRADE CLASSES

Wholesale Distributors

Current inventory levels are more in line with average monthly sales since recent load-in inventories have been sold.

Wholesale Grocers

McLane Suneast, Kissimmee -- distributing a new branded generic manufactured by Liggett called Rainbow; available in two packings -- Lights 100's Regular and Lights 100's Menthol.

Supermarkets

Publix -- reports indicate that Publix will not allow ActMedia to continue promoting cigarette ads in their stores on shopping carts and aisle markers.

Kondor Thriftway, Winter Haven -- interested in System 2000, and considering installation in early '88.

2043944991

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Convenience and
Convenience Gas

Circle K -- carton racks have begun to arrive. Installations in progress.

Drug Stores

Nothing to report.

Mass Merchandisers

K-Mart -- coupon insert in Sunday Supplements featured cartons of Winston, Salem, and Vantage only for $7.99 (regularly $10.99).

Liquor

Nothing to report.

Vending

Nothing to report.

Military

Nothing to report.

Price Clubs

Sam's Wholesale Club -- two locations in Fern Park and Pensacola have been accepted on direct.

Returned Goods Salvage Program

July, 1987

Reports From	Cartons Salvaged	Cartons Returned	Total
AM's (6)	1,192	9,844	11,036
RGP's (2)	2,228	6,866	9,094
SR's (1)	0	966	966
Total	3,420	17,676	21,096
% Rate	16.2%	83.8%	100.0%

2043944992

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

IV. SSM KEY ACCOUNT CONTACTS

Date	Account	Contact	Purpose
7/29/87	The Eli Witt Co.	P. Walsh Sr. V.P. Purchasing	Virginia Slims U.L. B&H Lts. Box

New brand packings accepted for all branches, full allocation. Discussed business trends, developments, along with introduction of SAM M. Caponera.

7/29/87	U-Save	C. Coggins Supervisor Merchandising	EMC

EMC presentation targeted for Friday, 8/14/87.

7/29/87	ATC	Bob Campbell, Manager Harry Jordan, Asst. Manager	B1G1F Promotions

Discussed participation in future B1G1F promotions, along with general business.

7/29/87	D.C. Dious	Mike Cueto, Manager	B1G1F Promotions

Discussed participation in future B1G1F promotions, along with general business.

7/29/87	Affiliated of Florida	Gerry Boyle, Buyer	Virginia Slims U.L. B&H Lts. Box

New brand packings accepted.

8/4/87	Publix Supermarkets, Lakeland, Fl.	Ed Crenshaw, Dir., Store Op.	EMC Presentation

EMC sign program rejected due to corporate policy prohibiting in-store cigarette signage. Based on comments, ActMedia signage could be in jeopardy, and according to Mr. Crenshaw, negotiations are underway to have aisle signage discontinued.

2043944993

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Date	Account	Contact	Purpose
8/5/87	Eckerd Drug	P. Agostino, Corp. Merch. Mgr.	Department Marker Proposal

Reviewed artist rendering of the proposed department marker. Graphics portion size somewhat of a concern, and a "message board" section was requested. SAM M. Caponera will follow up with NYO and Eckerd accordingly.

8/14/87	U-Save Supermarket	C. Coggins, Merchandising Supervisor	EMC Presentation

EMC received favorable response. To be presented to senior management. Discussed Series 2000 and SS carton merchandising with presentation to be made 9/18/87.

V. MERCHANDISING PROGRAMS

All programs currently in progress are working well.

VI. SECTION ACTIVITIES

Winn Dixie Festival of Foods Trade Shows -- over 200,000 consumers attended the Orlando show (8/21-23). Crowds far exceeded initial expectations. Winn Dixie was pleased with outcome of the show, and has begun planning for next year. Recommend increased manpower and promotional support for future shows.

B&H Jazz Tour -- planning has begun for September promotions in Miami, Orlando, and Clearwater.

VII. SALES SERVICES

Systems

Thanks for follow-up on supplying MIDAS access codes for Senior Account Managers.

2043944994

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Fleet

Good support continually provided.

Materials Distribution

Recommend field be advised when orders of on-carton coupons are going to be cut or measurably delayed. This would help us coordinate redistribution within Section.

Office Administration

Delivery of office furniture and planning desk is anticipated in the next few weeks.

VIII. SALES DEVELOPMENT

Nothing to recommend at this time.

IX. MEDIA DEVELOPMENTS

ActMedia -- program reported to be on schedule in all accounts except Publix. Details reported under Supermarkets.

ActMedia Impact Program -- upcoming promotions on Virginia Slims Ultra and B&H Lights Box are being well received by most chains.

X. ASSOCIATIONS/CONVENTIONS

Trade show involvement reported under Section Activities.

XI. SSM MISCELLANEOUS COMMENTS

Nothing to report.

2043944995

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS

Cambridge Full Flavor selling very well at retail, outselling the Lights in most locations. Since coupon problems have been recently resolved, sales should improve further.

Pre-booking of Virginia Slims Ultra Lights on-going this month. Good reports from the field. Management sell-in near completion with good acceptance. I do not expect this level of success when we begin introducing B & H Lts Box. Unfortunately, there are several negative factors working against the brand in our marketing areas.

II. COMPETITIVE ACTIVITY

American

Malibu reported to be improving distribution in 100 CPW outlets. Sales remain slow despite constant placement of $3 coupon. Few sales reported are coming from younger smokers. Pall Mall Red Filter Lights sell-in at wholesale and retail levels continues. No reports of any heavy promotional activities to support these new packings.

Brown and Williamson

Two dollar ($2) coupons being attached to Viceroy and Richland packings. Couponed product on both carton rack and special 30 carton floor displays in Birmingham area. Richland also supported through a BIGIF promotion with a 75 unit dump bin. Display pays $10. Sales reported to be very slow.

Capri still being promoted in Birmingham market through inner-city sampling programs. Capri BIGIF displays still being placed with slowing sales reported. Only account reporting repeat business is City Wholesale, Birmingham.

Liggett and Myers

Conducting test market of L & M 30s in 3 Tennessee markets. Reports of tax stamp problems initially, with a water decal stamp now being used. Reportedly has to be hand stamped. Local distributor sales force selling in new packing and 30 pack displays to retailers with a $3 allowance. Only retail promotion reported is the limited placement of 30 carton floor displays. Dollars off coupons attached. No incentives. Few, if any, sales.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Lorillard

No new activity to report. Isolated instances of Newport BIGIF display in Birmingham area. Reports of Harley-Davidson and Newport Stripes test markets but no activity in this Section.

R. J. Reynolds

Introducing Winston Lights 85s Box, while utilizing BIGIFs in most locations. Two for 1's are selling but not regular product. Good media and outdoor support. Reports from Chattanooga are that presentations are being made to supermarket accounts for co-op ads on behalf of Doral with carton price featured.

Reports of $1 off "stickers" being used on Doral instead of coupons. The Sales Rep reimburses the retailer in cash thereby eliminating the need for coupon redemption by the retailer.

Reports from Birmingham indicate that C-Stores with a Plan A area being offered payments of $2 per row rather than usual $3 per row. Will forward details when made available.

III. TRADE CLASSES

Distributor/Wholesale Grocers

Miller and Hurtman Company, Lancaster, Pennsylvania, has opened a new house in Nashville. They claim to be the "premier supplier" of convenience stores. They've also purchased M. Livingston in Kentucky and plan to merge houses here in Nashville; to be managed by Keith Corbin, formerly of Bi-Rite.

Supermarkets

H. G. Hills again rejected our AV/AM/Cambridge proposal. Only supermarket account in Section without distribution.

Delchamps, Mobile, Alabama, will assume control of the 3 Western Supermarket stores recently pruchased on August 24. Western was recently purchased by Ed Goodwin and he has expressed interest in our System 2000. Formal presentation scheduled for mid September.

Convenience/Convenience Gas

No new developments to report.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Drug

Nothing to report.

Mass Merchandisers

Nothing to report.

IV. SSM KEY ACCOUNT CONTACTS

7/28/87 Kroger, Nashville — David Bennett, Buyer/Mdsr.
Dave Goodall, Merch. Mgr.
Mark Thompson, Div. V.P.
Libby Duer, Promotion Mgr.
Jay Winkler, Asst. Op Mgr.

Purpose: Promotional Opportunities

Attended a breakfast given by Kroger management to review promotional opportunities. Most significant opportunity for PM concerned their annual sales meeting. I've recommended that we participate and display our System 2000 fixtures.

7/28/87 TVC Whlse., Florence, AL — Dennis Neal, Sales Mgr.

Had breakfast meeting with Dennis to discuss general business.

7/31/87 Eli Witt, Nashville — Howard Schmidt, House Mgr.

Purpose: Introduce Virginia Slims Ultra Lts

Contacted account to sell in VSUL. Product was accepted and all details finalized.

8/03/87 Birmingham Tob., B'ham — Frank D'Amico, Jr., Owner
Frank D'Amico, III, Owner

Purpose: General discussion along with SAM Sullivan

Took both account principals to lunch and discussed upcoming promotions with chain accounts serviced by Birmingham Tobacco. SAM Sullivan has already established an excellent relationship with this key account that will benefit us greatly in the future.

8/03/87 Western SM, B'ham — Ed Goodwin, President/Owner

Purpose: VSUL and Plan A/AV discussion

Sold in VSUL. Mr. Goodwin recently assumed controlling

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

interest in this account and expressed an interest in our carton/package fixtures. Will make a full presentation on both September 15.

8/03/87 City Whlse., B'ham — Butch Dischiara, Owner; Nick Zaden, Buyer

Contacted to introduce SAM Sullivan. Although not a part of her assignment, I felt it would be beneficial for her to know the principals of this account. Thanks to Vinnie Wiener, secured 4 N.Y. Yankees' tickets for this account as requested.

8/04/87 Bruno's, B'ham — George Arnett, Buyer/Mdsr.; Beth Dunaway, Dir. of Promotions

Purpose: VSUL intro and Southern Women's Show

VSUL accepted and force outs approved. Finalized plans for involvement in Southern Women's Show. Made appointment to re-present System 2000 to Ronnie Bruno and George Arnett on September 14.

8/05/87 Kroger, Nashville — Mark Thompson, Div. V.P.; David Bennett, Buyer/Mdsr.

Contacted both account principals at TGA Golf Tournament. Discussed upcoming feature on Mr. Thompson in The Force.

8/06/87 Tenneco Oil, Nashville — David Goolsby, Dir.; Bobby Fisher, Buyer

Purpose: General discussion of promotional opportunities

Took both account prinicpals to lunch and discussed promotional opportunities. Very promotable account with whom we'll be working very closely in the future.

8/10/87 City Whlse., B'ham — Nick Zaden, Buyer; Jerry Dichiara, Sales Mgr.

Played golf with both account principals at our PM Golf Outing (Patrick Adv.)

V. MERCHANDISING PROGRAMS

Carton Merchandising

Plan A

No significant changes to report. Of the new Plan A's signed, we've averaged a 20.7 row increase.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Plan A-1

Placements continuing on Marlboro Sports Bag Promotion. Very popular incentive, but very difficult to place. Packaging of incentives makes them difficult to transport and the overall size of the displays has caused some problems at retail.

Plan AV/AM

No significant changes to report.

Pack/Counter Merchandising

OHPM's

Penetration remains above 16%. Excellent progress being shown in numerous accounts.

Plan BV/BG

Nothing to report.

Plan R

Nothing to report.

Vending

Nothing to report.

VI. SECTION ACTIVITIES

Emphasis this month has been on Virginia Slims Ultra Lights sell in to management accounts and pre booking at retail, Marlboro Sports Bag A-1, and completing the Cambridge Full Flavor introduction. We've delayed the management sell-in on B & H Lights Box until September to prevent any negative impact on VSUL.

Point of Sale Material

Permanent

No major changes to report.

Temporary

No changes to report.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Material Over Produced

None reported.

Material Under Produced

None reported.

VII. SALES SERVICES

Nothing to report.

VIII. SALES DEVELOPMENTS

Nothing to report.

IX. MEDIA

Nothing to report.

X. ASSOCIATIONS AND CONVENTIONS

On Wednesday, August 5, I participated in the annual Tennessee Grocers' Association Golf Tournament here in Nashville. As usual, there was a huge turnout and several account contacts were made.

XI. SSM MISCELLANEOUS COMMENTS

Past problems reported on ordering and receiving Cambridge coupons have apparently been resolved. This should provide a tremendous boost to Cambridge sales.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS

New PM Brand Introduction
Cambridge Full Flavor

Distribution results continue to be driven by the Share of Development Index by each market. To date, all accounts have been contacted on behalf of Cambridge Full Flavor packing and it is estimated that 70% distribution has been attained.

All the 2 for 1 product, which was utilized during July, proved very beneficial in gaining brand acceptance and visibility. The absence of labels, however, is contributing to low and out-of-stock situations in markets that have strong SDI's, primarily due to the lack of establishing a permanent home. Sales Reps are forced to use make-shift labels to substitute until the arrival of Cambridge labels. Overall, the sales in the Michigan market are moderate.

Virginia Slims Ultra Lights

Virginia Slims Ultra Lights introduction is meeting with excellent success and all direct accounts have been contacted. Trade reaction and comments indicate a high level of confidence that this brand will perform well, and we are anticipating an overall distribution rating of 90%. There are also many favorable comments relative to pack design graphics and the promotional elements in support of the Virginia Slims Ultra Lights program.

Pre-booking results at retail level has been equally successful as Sales Reps are reporting 90%+ acceptance levels to date. We anticipate this program to be a total success and certainly a major contributor to improved sales in the Virginia Slims franchise.

Economic Conditions

State wide unemployment remains at approximately 8.5% as per the most recent report, however, economists are predicting double digit unemployment in the very near future, as well as through 1988. This prediction is a result of the auto industry cutbacks.

This development of rising unemployment has been a contributing factor to the increase of generic products and price value brands. We are anticipating a sharp improvement in this category for the balance of this year and well into 1988.

2043945003

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

MARKETING CONDITIONS (cont'd)

Industry

The response from direct accounts toward the PM Electronic Payment program has been lukewarm. The consensus seems to be that our program is a cut below that of R. J. Reynolds. Participation will hinge upon each account's cash flow, but we ultimately expect acceptance from our major accounts.

Business, year to date, shows a slight improvement leveling off at a .6 increase, which was largely contributed to the performance of the Marlboro category, with a 3% overall improvement, combined with the positive impact of Royale and Cambridge. We anticipate that, while gains will be moderate throughout the balance of the year, we will end up on the plus side for business.

II. MAJOR COMPETITIVE DEVELOPMENTS

American Tobacco

Reps continue to pay for and maintain Malibu permanent counter and carton displays. They are also placing Malibu talkers and posters. All areas report declining sales momentum for Malibu.

American is mailing brochures to retail accounts advertising new Pall Mall Filters, Kings and 100's. The brochure offers retailers a $4.00 cash bonus with the purchase of two cartons of each style. The retailer orders product from the distributor, and if on hand during the Sales Rep's introductory period contact, the Rep will pay the bonus. Wholesalers are being offered $20.00 off per case up to allocation.

The company continues to offer $2.00 off their Lucky Lights brand. This brand has been identified as a product that is not doing well at retail. This may be due to the fact that it occupies space on a full margin carton fixture as well as generic fixtures. Returned goods for Lucky Lights continue to increase.

Brown & Williamson

Kools continue to be worked in inner city accounts. The focal point of promotion is a B1G1F placement. Sales Reps in inner city areas are authorized to provide accounts with all the 2 for 1 stock they want. Sales have been good on the Kool brands.

2043945004

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

MAJOR COMPETITIVE DEVELOPMENTS (cont'd)

Brown & Williamson (cont'd)

Continued promotional efforts on behalf of Capri have been noted. Presentations to direct accounts have offered $15.00 off per case up to allocation with shipments beginning on August 4, 1987. Sales Reps began pre-booking product at retail on July 20, 1987, for August delivery. National introduction will begin on September 1, 1987, and will include 2 for 1 offers.

Promoting Richland in 40-unit 2 for 1 displays with $2.00 placement allowance. All carton stock is being couponned at $2.00 off. To support the brand, large window banners are being placed and retailers receive $5.00 per visit to maintain placement.

Liggett & Myers

Company is placing 30-carton displays of L&M, Lark, Eve and Chesterfield offering a free lighter w/carton purchase. Payment is $6.00. These same brands are being couponned at $2.00 off on carton fixtures.

L&M is displaying their Flavor Generic Lights in 12-carton floor displays with B2G1F product. No payment is reported at this time.

Lorillard

They are placing 60-carton Newport floor displays offering a free Newport T-shirt with a carton purchase. This display pays $12.00.

Promoting new True packings with a buy 2, get a free lighter promotion. These lighter displays are three and four-carton displays that pay $3.00 and $4.00 respectively.

R. J. Reynolds

The company is continuing their efforts with respect to Doral. They are aggressively placing generic carton fixture displays as well as package merchandisers. Cartons of Doral are featured with $1.00 off coupons. Distribution of Doral products is excellent.

Company is also promoting Salem in 30-unit displays offering $.75 off on a 2-pack purchase with a $2.00 placement allowance. Good movement is reported.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

III. TRADE CLASSES

Wholesale Distributors

S. Abraham & Sons has opened a new warehouse in Dexter, Michigan. This warehouse will not contain any office personnel for the time being and all buying decisions will be made from the Grand Rapids office. At a later date, when volume starts, an office will be established at that location.

Jim Anderson, VP of Sales for L&L Jiroch, has resigned this month. While we do not have any information as to his reasons, we feel it is attributed to the recent buy-out by the Spartan Stores organization.

Schiller Inc. in Bay City, has been extended terms on Virginia Slims Ultra Lights. These terms will be extended only on the 95 cases allocated for the new product introduction.

Wholesale Grocers

Spartan Stores has purchased the complete L&L Jiroch operation. Spartan has, in the last two years, tried to purchase other wholesale operations including Viking and Eberhards, so it was very apparent that they would continue to seek a purchase after those fell through. L&L will operate as a wholly owned subsidiary of Spartan and will keep its company name and continue to operate as it has. Norm Leven will continue as Chairman of the board of L&L. Scott Diepenhorst will continue as President and will assume the role as a corporate Vice President of Spartan. Scott will report directly to Pat Quinn, the President of Spartan. Spartan Stores has also reported record sales of 1.375 billion for fiscal 1986-87, a 2.3 percent increase over the previous year.

Supermarkets

The recent placement of the AV fixtures in 56 A&P locations has provided excellent pay-out in creating much needed depth of inventory, which should continue to lend towards sales momentum. Four store managers refused placement of this merchandising unit and Jack Ronan, Buyer for A&P, has been notified. Jack assures us that this problem will be rectified.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

TRADE CLASSES (cont'd)

Supermarkets (cont'd)

Audits reveal that the new Kroger Plan A program is working very well. While 51 rows is an improvement, it is still not adequate space to accommodate the volume, sales or number of packings. We are currently working on a System 2000 approach to accommodate the category. Kroger is reluctant to handle Cambridge because they feel that it would be in direct competition with their house brand.

We have been hearing rumors that Spartan is considering divesting itself of all corporate Hardings stores. Bernie Hewitt of Hardings has confirmed this and said that Spartan is trying to sell all the corporately owned and operated stores. They hope to complete the sale of these stores in the next few months. Bernie has accepted a job to move back into Spartan's corporate headquarters and with the proposed sale of the stores does not know if his position at Hardings will be filled or not.

Eberhard is continuing its move to non-self service fixtures. During the last month, an additional rack has been moved. Only five of the 21 stores remain self-service.

A presentation was made to Dale Domstein, Buyer for Glen's Supermarket, which presented Philip Morris on a primary shelf. These proposals have been accepted and we now have a new Plan A with this account with various POG's ranging from a minimum of 54 rows to a maximum of 102 rows. Dale was very interested in our average number of rows (70) throughout the state and commented that he will investigate the possibility of giving Philip Morris an average minimum of 70 rows in his stores.

Presentations have been given on behalf of our new Plan A to Giantway Supermarket, positioning Philip Morris on a primary shelf. Additionally, we have presented System 2000. The decision on both presentations is pending. We anticipate, bottom line, that a test store for System 2000 will be given.

Convenience Stores

Garb-Ko/7-11 continues to open new stores every two months. The chain currently consists of 123 stores. We have received new M-5 displays so that any new opportunity can be addressed. We send our many thanks to Mike Pheile of our New York Office for supplying us with 40 of these new units.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

TRADE CLASSES (cont'd)

Convenience Stores (cont'd)

Quality Dairy, who made application for direct early this year, recently informed our office that B&W and L&M had accepted them for direct buying status. Area Manager, Mark Barton, visited their warehouse to confirm and discovered that this was not the case. They don't have a state tax stamp and are not receiving cigarette product direct. We will continue to hold their application for future consideration.

Convenience/Gas Stores

We have met with Jack Barton, Merchandising manager for Total Petroleum. Jack tells us that there have been some internal changes in the Total Petroleum organization. All contracts for this chain will be handled by Terry DeWinter, National Merchandising Manager, out of Denver, CO. We have presented Plan A proposals to Jack Barton locally. He will, in turn, take these proposals to Denver for their National Sales Meeting in September. Conversations with Mr. DeWinter lead me to believe that Philip Morris will gain a contract. He has assured me that they are well aware of the lack of space and visible inventory for Philip Morris in the chain and is hopeful that during this new contract, these problems can be rectified.

Installation of our wall mount package fixtures will be placed the third week of August in Midstate Petroluem stores. They will be placed in seven lock house locations in the Flint Market area. In addition to package fixtures, we also have authorization to place large "Sold Here" signs on the side facing of windows in these locations. It is our hope to work with another Supervisor in the near future to discuss other fixture possibilities. We have also placed two spinners in the future gas locations in Roseville. This was due to remodeling, and as a result, the R. J. Reynolds overhead was removed in lieu of Philip Morris furniture.

We have now secured written POG's from the Buyer of Clark Oil to alleviate M-4 non-compliance problems. The Sales Force is in receipt of these POG's.

Admiral Petroleum has agreed to test our System 2000 in two of their 25 stores. The store in Lowell was set this week with a 20ft., seven shelf department. The remaining test store in Hastings will be set within the next week. We expect a favorable response from the account for the remainder of the stores by the end of September.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

TRADE CLASSES (cont'd)

Convenience/Gas Outlets

Gerry Graham of Meijer Gas has authorized BV and BG displays for all stores. Placement of these displays has begun and is proceeding smoothly. We may experience some problems in placing BV's due to limited quantities on hand at the present time. This item has been placed on allocation so we do not know when additional quantities will be shipped.

Gas Stations

Nothing new to report.

Drug Stores

Nothing new to report.

Mass Merchandisers

Howard Brubaker, Senior Buyer for K-Mart, has recently informed me as to his decision concerning the manufacturing of a house brand in the generic category. His decision is a disappointment in that Austin, R. J. Reynolds' version from the generic house packing, has been elected. Moreover, Mr. Brubaker has forwarded a letter to all distributors advising them to go with Austin and all other cigarettes, with the exception of Dorals, must be removed from the store's inventory. Consequently, beginning the week of October 4, 1987, Doral and Austin will be the only two authorized generics in K-Mart stores. I have contacted Mr. Larry Zinski, Vice President of Field Sales, Les Oleson, Director of National Accounts and Mike Pheile, National Accounts Manager, and all of the aforementioned have been supplied with a copy of the letter. Mr. Bill Campbell, Vice President of Marketing Sales, has tentatively established a meeting with Mr. Brubaker to discuss the recent developments.

Liquor Stores

Nothing new to report.

Other Retail Outlets

Nothing new to report.

2043945009

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

TRADE CLASSES (cont'd)

Returned Goods

We returned, to our Richmond Manufacturing Facility, 32 cases of Cambridge Full Flavor, which was inadvertently sent to J&J Wholesale of Centerline, MI. Unfortunately, these cases will be applied negatively towards are returned goods figures. However, this will explain the increase we will experience.

IV. SSM KEY ACCOUNT CONTACTS

K-Mart **Howard Brubaker, Head Buyer**
Troy, MI **Alex Fiado, Buyer**

I accompanied FVB Manager, Dennis O'Neil, to make a field presentation on behalf of the proposed FVB house brand, "Troy". Howard has elected to go with R. J. Reynolds' proposal on behalf of "Austin", and additionally he has opted to remove all other generics, with the exception of Austin and Doral, from all K-Mart stores. All applicable personnel have been contacted as to the results. I will keep you apprised as developments occur.

V. MERCHANDISING

Plan A/Compact Impact

Efforts on behalf of our new Plan A agreements have been limited due to the introduction of Cambridge Full Flavor. Plan A will be emphasized during late August as Cambridge promotional efforts are near completion. Our objective is to gain both increased rows and primary shelves in accounts which have been presented our new Plan A. We have been successful in both categories. Our year end objective is to average primary shelves in 70% of locations. All Division Manager's training efforts will be geared toward meeting this objective and Area Managers are currently developing presentations to realize these gains.

To date, 60% of the Speedway stores have been set to our Plan A, and we have been advised by many station managers that they are awaiting new fixtures from R. J. Reynolds. Additional fixture placements should be completed by mid September, at which time all Plan A's will be in effect for this major chain.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

MERCHANDISING (cont'd)

Plan A/Compact Impact

Adequate supplies of our new Plan A contract have been received and distributed to the field. Our new Bonus Merchandising Plans Schedule has also been distributed and we are receiving many favorable comments from the field concerning this new tool.

Plan A-1

Our Marlboro Auto Sports A-1 display, which was worked in conjunction with the Marlboro 500, arrived at our POS warehouses on July 24, 1987, one week past the scheduled date. Also, Sales Reps received five displays vs. the original information we received stating that they would receive 10 displays per Rep. This caused problems for many territories which had pre-booked for the Auto Sports Bag Promotion. To resolve this problem, many displays were shifted from one division to another or one territory to another. All displays were placed and all supplies utilized during this promotion.

The response to the current Marlboro Sports Bag A-1 has been excellent with high acceptance levels by both chain and independent accounts. We anticipate 100% usage during this promotion.

Plan AG/AV

During this reporting period, we have increased our AV/AG fixture placements in this Section by 56. This is due to the acceptance of AV fixtures in A&P Detroit stores. The placements of these fixtures have depleted our warehouse supplies of AV's and we are currently awaiting our additional reorders. As our increased payment schedule is presented, we anticipate substantial placement increases on both AV's and AG's.

Plan B/Plan R

We currently have 3,298 Plan B/M units on location, which represents a decline of 14 units during this reporting period. This is largely attributed to our surge for improved compliance and up-grading of total program throughout our operation. Field audits reveal improved compliance levels in this category and we continue to gain placement locations with all major accounts.

2043945011

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

MERCHANDISING (cont'd)

Plan B/Plan R (cont'd)

The local 7-11 divisional office has contacted us accepting B displays in an additional five stores, which will be placed September 1, 1987. These five stores were previously problem accounts.

Vending

All major vendors have been most receptive to our ACMR program. Flint Vending has placed 50 units during the past month. Mr. Joe Cook, who is the President of the Michigan Coin Machine Operators Association, has advised our office that he will be encouraging members of the Association to also participate in our ACMR program. He is quite happy with this program and will be converting all machines in the near future.

Vending Programs

The Section total number of vending placements for 1987 is as follows: B&H Family-146, Marlboro Family-420, Merit Family-309, Parliament-0, Virginia Slims Family-73, Others-0.

DataVend

Nothing new to report.

Ride-Withs

Nothing new to report.

RDA

Nothing new to report.

PM Fixtures

As reported last month, we reached an agreement with Admiral Petroleum to test System 2000 in two locations. Fixtures have been placed and the response by both store managers, as well as headquarters, has been exceptionally positive. We are anticipating, by months end, acceptance in all 25 stores with placement to be completed by the end of September. We have also gained acceptance in six additional independent supermarket accounts for the placement of System 2000, netting us a total of 20. We have also targeted Hardings, Meijers, Felpause, D&W, Plumbs, and Giantway as major accounts for future acceptance of System 2000.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

VI. SECTION ACTIVITIES

Section activities for the month of August were largely consumed by the Cambridge Full Flavor introduction and the participation in the Marlboro 500.

The acceptance of the Cambridge 2 for 1 program was well accepted by retail and consumers. However, sales range from fair to good depending on the Share Development Index of the various market pockets. We have found it very beneficial with the inclusion of pricing space of all POS. This proved very effective in terms of emphasizing the low price of the brand and distinguishing it from popular packings.

The Marlboro 500 was a huge success with a large turn out of approximately 80,000 people, which was anticipated. The bar nights were extremely effective in generating additional awareness of the 500 event and drawing a great deal of attention to the Marlboro franchise. Bar nights were sponsored at Bootleggers Bar in Lansing and the Big Apple Bar in Jackson. The patrons of both bars were very receptive to give away items and both events were effective in generating a lot of enthusiasm toward the up-coming event.

The Marlboro 500 T-shirts appeared to be the most popular item as it was a direct tie-in with the race. In talking to many of the consumers, items that were desired but not furnished, and should be considered in the future, were tank tops for females and sunglasses.

The hospitality suites adequately accommodated the customers and guests invited to the event who were very pleased with the accommodations. The Section staff is currently working on some suggestions and recommendations to enhance the program for next year and the suggestions are forthcoming.

The Area Managers are actively involved in presenting Virginia Slims and Benson & Hedges Light Box introductions. Both brands are meeting with excellent success to date. We anticipate very little resistance in acceptance of these two extensions and should realize in the neighborhood of 90% penetration on both packings.

The Section remains actively involved and committed to improving our position from area of choice to primary shelf in additional rows. We are meeting with excellent success. We have had several major accounts change our position from area of choice to include F&M Discount, Glens Supermarkets and Giantway. We have also netted approximately 2000 additional rows as a result. We are anticipating many more conversions throughout the balance of this year with the hopes of securing primary shelfs where we do not obtain a System unit. We will continue our concern with regards to the merchandising program throughout the balance of this year and we will keep you advised as developments occur.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

VII. SALES SERVICES

While we have not, as yet, received the furniture for the Smart Desk unit, the computer is up and operational, proving to be a viable asset for strategies and planning for objectives in major accounts.

VIII. MEDIA DEVELOPMENTS

The Detroit Free Press ran an article pertaining to Blacks and cancer and how the Tobacco firms are in essence taking advantage of individuals in ethnic communities. Conversely, however, members of the black communities did not agree with the article and thought that tobacco companies provide truth to the fact that while they are large companies, they are sensitive to the important segment of business and are responsible corporate citizens.

IX. ASSOCIATIONS/CONVENTIONS

The Annual Philip Morris/Gannett Golf Outing took place on August 10th. Approximately 100 customers attended the brunch, golf, cocktail reception and dinner. As in the past, trade response to this outing was excellent and an enjoyable day was had by all. This event has proven to be an excellent rapport builder, and is very much appreciated by our customers.

X. MISCELLANEOUS COMMENTS

Nothing new to report.

2043945014

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. Marketing Conditions

New Philip Morris Brand

We are beginning to receive inquiries concerning slot allowances. RJR and B & W are offering select accounts allowances for placing a new brand in their warehouse. The allowance is a one time payment of 10% of the allocation amount. The account receives the 10% slot allowance in addition to the normal 10% allocation on new items. Accounts have responded very favorably, stating that it helps them defer administrative costs on new items.

It was beneficial to have our promotion dates spread out on both B & H Box and Virginia Slim Ultra Light 100's. Many chain accounts informed us that it was beneficial to be able to accept all promotions on both brands due to the staggered dates on each brand. As a result, the accounts did not have to pick and choose promotions on each brand.

Cambridge Full Flavor

Cambridge Full Flavor continues to do an excellent job of gaining momentum. Direct distributors report we are closing the gap with Doral, which obviously is very encouraging for Cambridge's future growth.

Most direct accounts report our introduction offer and procedures for Cambridge Full Flavor were the best so far. Early indications are that Cambridge Full Flavor combined with other Cambridge packings could catch and pass Doral in Section 42 by 1988.

Direct accounts are complimenting our pre-booking procedures.

Virginia Slims Ultra Lights

Very good reception to our new Virginia Slims Ultra Lights. The entire success record for Virginia Slims is making this introduction very successful.

The three in one flashlight trade gift has received excellent response from buyers in all trade classes.

Many direct accounts feel we should offer a larger amount of allocation product for this brand in the menthol category.

Early indications at direct level indicate good support for Virginia Slims Ultra Lights.

2043945015

Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

B & H Lights Box

The B & H Lights Box introduction is going well. Many direct accounts are complaining that we don't need two additional packings for B & H, especially box packings.

The camera trade gift is going over very well with buyers and principals.

The B & H Lights Box packings will need follow-up presentations to gain desired distribution.

Marlboro Light Menthol Test

The product arrived at the distributor level on July 28, 1987. Early pre-booking procedures look very encouraging. We should have firm feedback on our next report.

PM Blues

Nothing new to report.

Philip Morris

Year-to-date volume figures for month ending July, 1987 were up +7.7%. Marlboro as a family was up +6.9%, Parliament down -4.7%, B & H down -2.5%, Merit up +.3%, Players down by -.3%, Virginia Slims down -.9%, and Cambridge up +100%.

Industry

The unemployment rate in the state of Indiana is presently at 6.4% compared to 6.5% a year ago. The unemployment rate in the city of Indianapolis is presently at 5.0% compared to 5.2% a year ago.

The unemployment rate in the state of Kentucky is presently at 9.1% compared to 9.0% a year ago. The Louisville market area unemployment is at 7.3% compared to 7.0% a year ago.

The Ford plant in Louisville is planning a $260 million expansion program that will initially create 300 jobs with 200 more possible.

The Indianapolis City/County Council banned smoking in the Assembly Room during meeting schedules.

Crawfordsville, IN has a chance to get Nucor Corporation to place a new steel mill that would employ 500 people.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Indianapolis International Airport proposed that smoking be prohibited in most areas. The proposal would ban cigarette, cigar, and pipe smoking in all but designated areas.

Effective September 1, 1987, Senate Bill 145 takes effect. This Bill changes the law regarding purchases of cigarettes and other tobacco products by minors. "If you are under 18 years of age, you are forbidden by Indiana Law to purchase tobacco products." Tobacco products now include: chewing tobacco, cigars, cigarettes, snuff and pipe tobacco.

Due to the Pan American Games in Indianapolis, the city of Indianapolis is reinforcing its Marion County Ordinance to remove all portable signs. This would obviously include counter balance signs and pole/wall signs. At this time, it appears the majority of accounts are ignoring the ordinance. We will report any significant activity as it occurs.

Eby-Brown Co. of Aurora, IL has been admitted membership in the Indiana Tobacco Candy & Distributors Association. This was approved on August 4, 1987. The association continues to look at ways of expanding their group purchasing of related items. Currently, the only product involved is generic cigarettes. However, with the direction of the Board of Directors and input from other members, they will start looking at other categories to buy on a group basis, have drop shipped to each distributor, and pass additional allowances on to each of them.

II. Competitive Activity

American Tobacco

Pall Mall Red Kings and 100's are being introduced in the states of Illinois, Indiana, Michigan, West Virginia and parts of Kentucky. They are priced at Kings - $37.15 per thousand, and 100's - $38.65 per thousand from August 10 through August 28. They are offering 10% off list price during the introduction period with 30 day terms. They will ship all product during the introduction period with $2.00 off coupons attached.

Luckies continue to offer $2.00 off coupons for all packings.

Malibu packings continue to get all of American's media and promotional support. They continue to buy space on value centers. However, Malibu pricing is beginning to cause considerable confusement at retail. The $3.00 off coupon applies to the price of full margin brands, however, many consumers feel that the $3.00 off coupon is applied to the generic price level. As a result, many retail accounts and chains are complaining about the confusement.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Brown & Williamson

The 26th annual Ohio Valley Kool Festival was held on July 25 and 26, at the Cincinnati Riverfront Stadium, drawing many Kentucky residents across the river.

Kool Milds are offering a buy one get one free concept to gain new smokers and increase volume.

Richland is using $2.00 off coupons, as is Barclay. Barclay promotion includes coupons worth $4.00 via mail-in program.

Placement of floor bins at retail for Viceroy using $2.00 off coupons as incentives.

New "Capri Trim Lights" are being pre-booked for delivery in August. On-carton coupons will be available. They are using a buy one get one free consumer offer. The offer to direct accounts is $35.00 off per case and 30 day terms. At this time, the only part of Section 42 that has Capri is Northern Indiana.

Liggett & Myers

CSDC in Fort Wayne reports L & M Lights new 30 pack is targeted to be sold only in Kentucky at this time. Pricing is the same as branded 20's. Sales Reps. are gearing up to place 60 carton/40 pack displays in high volume outlets first.

Lorillard

True (new silver pack) is being featured in a 20 unit display offering a free lighter with a pack purchase. Retailers response has been positive since the display does not take a lot of counter space.

High volume accounts (500+ CPW) received $2.00 off coupons on all brands. Sales Reps. have started couponing all inventory which is taking a lot of time away from their other in-store activities. The major thrust of this promotion is directed at Newport and Kent. Additional incentives (hat or visor) are being offered for each carton of Newport.

Newport buy one get one free campaign has been launched in the inner city market (4B0). Newport sales are climbing due to these types of promotions.

True media coupons are offering 50¢ off per pack and a mail-in offer for an additional $6.00 value of coupons on your next carton purchase.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

R. J. Reynolds

Magna has been recalled in the Indianapolis area. It's reported that the $2.50 off popular price met with confusion and several chains refused because of this. It is also rumored that it will be brought back as a generic price cigarette.

Continuing activities to replace overheads. Rumored to be paying $50.00 per month in Fort Wayne area for overheads. Also rumored to be providing all ceiling placements. Conna Corporation reportedly has recommended RJR overheads for Convenient Food Marts.

Utilizing their four wide generic fixtures for branded products in select stores in Bowling Green and Evansville areas. Reported to be a 13 week program with up to $120.00 per month payment where all product will be couponed at $2.00 off.

RJR's refusal to honor $40,000 worth of coupons at Nick's Liquor in Hammond, IN has retailers apprehensive about accepting RJR coupons.

Generics

RJR secured exclusive rights at K-Mart for generic business. Will be manufacturing K-Mart's private label "Austin" and the only other generic authorized will be Doral.

Placing 50¢ coupons on Doral in Paducah, KY and Merrillville, IN areas.

III. Trade Classes

Wholesale

Nothing new to report.

Distributors

Smith-Harris (Indianapolis) planned to increase its volume substantially after the large capital improvements made to their warehouse facility. It is obviously working. To date, their volume is up 21.9% (almost 300 cases per week over last year).

Wholesale Grocers

Initial appointment made at Food Marketing, Fort Wayne, IN. AM Joyce O'Connor introduced SAM Kevin McCoy to John Kemnitz (Buyer) and turned over all files to SAM McCoy.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Vendors

Nothing new to report.

Military

Nothing new to report.

Retail
Supermarkets

Kroger (Louisville) will hold their 4th annual food show in Nashville, TN on October 1, 2 and 3. We are currently working with Andy Mikelson (National Accounts) on our involvement.

Kroger (Indianapolis) was our guest for a luncheon on July 28, 1987 to see a demonstration of our EMC unit. A placement decision will be made within the next two weeks.

Winn-Dixie (Louisville) - SAM Kevin McCoy introduced SAM Dave Coode to Jim Wiest (Merchandiser) and Joe Russell (Buyer). SAM Coode will assume responsibility for this account near the end of the year.

Convenient/Gas

Conna Corporation (Louisville) - In addition to the three pack price material we are currently producing for Conna (banner, poster, mobile), we are adding a change mat. This piece will have an 8½ x 11 see through area for Convenient operators to place store ad reprints.

System 2000 was shown at the July 15, 1987 trade show. Response was very favorable. Director of Merchandising Tom Lamanna has ordered fixtures for their corporate store in Louisville.

Emro Marketing of Indianapolis has a new President. Former President Brian McKibben has been replaced by Ray Schultz.

Drugs

Nothing to report.

Mass Merchandisers

Nothing to report

Service Stations

Nothing to report.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Liquor

Nothing to report.

Return Goods

Return Goods Processors in Section 42 continue to do an excellent job of salvaging PM product.

IV. Key Accounts

SSM R. Kohl

.Houchens Supermarkets — V. Houchens - Buyer — 07/27/87
Bowling Green, KY

In the company of SAM Dave Coode, presented Virginia Slims Ultra Light 100's and B & H Box. Presentation efforts pending. I assisted Dave in his presentation by recommending that he summarize profit potential of both brands.

.Taylor Drugs — C. Mazza - Buyer — 07/28/87
Louisville, KY

In the company of SAM Dave Coode, observed Dave present Virginia Slim Ultra Light 100's and B & H Box. Dave was successful in securing immediate distribution behind both families prior to leaving the account. Cindy informed us that our competition, RJR, was making a slot allowance available. This information was discussed under the New Brands section of the operations report.

.Kroger — J. Koehller -Director of Merchandising Advertising Dept. Staff — 07/28/87
Indianapolis, IN

In the company of SAM Kevin McCoy, presented our Electronic Message Center to Kroger principals. While presentation efforts were very favorable, we are awaiting accounts decision to implement in all of their Indianapolis based stores. At this point, it appears company's main concern is that their store managers be able to understand instructions and operate the Electronic Message Center. I informed John that all Philip Morris people would be trained on the operation of the unit. My recommendation to John was that we would establish store sets and schedules so that our people could train the store manager on the operation of the unit. Furthermore, I recommended that headquarters could utilize three files of the message center, and allow the store manager to use one file so that they could take advantage of local marketing conditions within each store. Account seemed very interested in the

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

EMC and will get back to us in the near future on their decision. While money was not an issue, the principals did inform us that the store clock that is now in use generates $42,000 a year in revenue. Our recommendation would be to keep the clock, and place our EMC above the carton fixture.

.Marsh Supermarkets — A. Baker - Buyer — 07/29/87
Yorktown, IN

In the company of SAM Dave Coode, observed Dave present our two new packings as well as follow-up behind Cambridge Ultra Light 100's. Al accepted Cambridge Ultra Light 100's and informed us that Virginia Slims Ultra Light and B & H Box would be presented to the buying committee. Following the contact, I discussed with Dave the possibility of presenting our second quarter invoice to key principals within the Marsh account. Utilizing this opportunity, we would present carton fixture programs to top management of this supermarket chain. Dave followed-up on our discussion when we returned to the office. Finally, Dave presented our Marlboro Sports Bag A-1 Promotion and was successful in securing participation in all stores. This was the first time this chain has ever accepted a floor promotion from any company.

.Village Pantry — S. Moss - Director Of Merchandising — 07/29/87
Pendleton, IN

In the company of SAM Dave Coode, observed Dave present our two new packings. Dave was successful in gaining acceptance on both packings as well as all related promotions. Additionally, discussed with Steve various promotions available to build volume within his stores. As a suggestion, we recommended that he run a three pack promotion allowing us to feature POS advertising the special chain program. While Steve was receptive to this program, his main interest seemed to center on alerting the consumer that carton prices in his convenience stores were competitive with supermarket chains within the same marketing area. We informed him that we would develop some ideas and would present them on our next visit back to his headquarters. SAM Coode and I are currently working on a program to meet Steve's needs.

.Winn-Dixie — J. Weist - Director of Buying — 07/30/87
Louisville, KY

In the company of SAM Kevin McCoy, observed Kevin present our Virginia Slims Ultra Light 100's. Kevin was successful in securing distribution on both packings. While in the call we discussed Winn-Dixie's current standing on self service. At this time, headquarters continues to feel that cigarettes in a self service position lead to pilferage.

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At this point, we pointed out to Jim that his generics "Price Breaker" as well as Dorals were in a self service position. He indicated to us that due to the monies allocated by RJR that it was worth Winn-Dixie's while to test the program. I informed Jim of our payment program and asked him to test our unit for three months. He said he would consider any ideas because at this time the account was not sure on which way to go. Following the presentation I instructed SAM McCoy to follow-up with a program that would answer Jim's needs and to review with me as soon as possible.

.Axton Wholesale — R. Collier- President — 07/30/87
Louisville, KY — Merchandising

In the company of SAM Dave Coode, discussed general marketing conditions in and around Louisville. Dave presented our AV program to Randy and suggested that when accounts call him for generic fixtures as well as full priced fixtures, to alert us and that we will investigate the account and the feasibility for our unit to be placed in the outlet. Finally, Dave left brochures of our units to be given to Randy's sales force at their next sales meeting. We will continue to follow-up with progress on an on-going basis.

.Bellis Tobacco — J. Secolah - Buyer — 07/30/87
Louisville, KY

In the company of our new Area Manager Alice Zeller, observed Alice present our two new packings. Alice was successful in gaining distribution on both new brands and was very thorough in her presentation.

V. Merchandising Programs

Carton Merchandising Programs

Plan A

J. C. Groub of Seymour, IN (24 stores) continues to be our only holdout chain. Area Manager Alice Zeller has begun to build and improve working relations with store managers, the buyer and the store set-up manager. Improved relations should pay dividends by year's end.

No feedback on new Plan A at this time.

Eligible High Volume Plan A Accounts (300+ CPW)

27 # of unsigned accounts.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Chains

Account Name	City/State	# Stores	Status
J. C. Groub	Seymour, IN	24	As reported last month, the Buyer has agreed to review their present method of merchandising cigarettes on their current fixtures. System 2000 and PM package fixtures have been presented. No commitment has been made.

Plan A-1

The Marlboro Sports Bag A-1 continues to receive excellent comments from chain and independent buyers, as well as consumers. The quality of the bag has received many positive comments.

Plan D

Section 42 vending placements year-to-date by family are: Marlboro - 1,709, Merit - 838, B & H - 68, Virginia Slims - 248, and all others - 30. Total vending placements year-to-date are 2,893.

DataVend

As of August 1, 1987, Section 42 has 34 vendors with 2,794 machines using our DataVend reporting system.

Ride-Withs

No ride-withs have been conducted year-to-date.

R.D.A.

No RDA's have been conducted year-to-date.

A.C.M.R.

We have a total of 30 vendors using our A.C.M.R. conversion kits with a total of 1,984 machines.

System 2000

Payless Supermarkets (9 stores) of Anderson, IN will test our System 2000 in one store.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Philip Morris Fixtures

Overheads

Currently, Minit Mart of Bowling Green, KY has 13 of 74 stores utilizing a Philip Morris overhead. Recently, it cost the chain $269.00 to place one of our ceiling mount overheads. RJR has informed the account that if RJR gets the order for the overheads they will pay for the entire installation. At this time, the account has not made a decision. There have been reports around the Section that RJR will pay for the entire installation, or will furnish manpower to place the ceiling mount overheads.

VI. Section Activities

Management Activities And Accomplishments

Area Manager Mike King developed a very useable sell sheet for the Virginia Slims Ultra Light and B & H Lights Box management introductions.

Area Manager Joyce O'Connor placed Electronic Message Centers in all seven Harvest Market supermarkets of Anderson, IN.

Area Manager Tom Engelhardt gained exclusive generic priced distribution for Cambridge with 21st Amendment Liquor and United Liquor, along with BV displays.

Area Manager Alice Zeller gained authorization for the Electronic Message Center's in all 12 Rogers Supermarkets of Fort Wayne, IN.

Special Programs

B & H Inner City Program

The B & H Inner City program has gone over extremely well. We have received very good comments regarding the lighter used. This lighter would be a good incentive for all marketing areas.

B & H 2 For 1 Ethnic Program

This program was well accepted by retail and consumers, although Sales Reps. indicated more full flavor menthol was needed. In addition, program details in PPP did not match materials received. Examples: no metal signs received for point of sale program. Instructions also stated each Sales Rep. would receive 200 lighters for trade gifts, therefore, Sales Reps. used lighters initially received for this purpose. However, no additional lighters have been received for the August lighter promotion. New York office has been

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

contacted twice to attempt to get new lighters, however, they have not yet returned a follow-up message. The second shipment of 2 for 1's was also received too late in the July program - Sales Reps. had one week to place.

Cambridge 25¢ Off Display

Acceptance and sales at retail have been excellent. Reimbursement at retail level is somewhat time consuming for Sales Reps., but preferable over 25¢ off coupons.

Black Expo

Attendance for Indianapolis Expo held July 18 and 19, was a success. Twenty-five cases of samples shipped was insufficient, as the booth closed at 4:30 P.M. on the last day instead of the scheduled 8:00 P.M. In addition, Richmond provided no B & H Full Flavor samples due to an out of stock situation. Our booth was inferior to most, including B & W's, and I suggest the Corporate booth be sent next year. Six Sales Reps. worked the booth for 60 hours of overtime.

Sampling

Intercept coupons continue to generate consumer trial, especially in Indiana. Division Managers report CIP's are arriving in a timely fashion.

The Marlboro Summer Sampling program continues to be on target. No problems have been reported and samplers have sampled all major summer events.

Permanent POS

We placed Hispanic "Marlboro Sold Here" signs in key locations in Indianapolis to coincide with the Pan American Games during August.

We presently have 36 Electronic Message Centers placed on order for key chains in Section 42.

Area Manager Alice Zeller gained authorization for counter balance signs in all 62 Kocolene and 13 Swifty Oil locations.

Special Section Projects - August

No Special Section Project was planned for August due to the Cambridge Full Flavor introduction.

Special Section Projects - September

Due to new brand introductions, there will be no Special Section Project for September.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

VII. Sales Services

Systems

Program "bugs" continue to plague our SPACE system. Promotion codes were not updated for July, therefore, a high percentage of errors appeared for week one. The program was adjusted for week two.

Edits have appeared for the incorrect date, but the computer is showing the date being corrected to the date originally reported.

We need a small "leave behind" booklet featuring System 2000 carton/pack fixtures and the Electronic Message Center. The booklet should include dimensions and capacities.

Current SDP form is in need of revision to meet current Sales Rep. objectives/programs. A form for Sales Reps. could be produced much on the same format as the Retail Merchandiser SDP.

Fleet Administration

Nothing to report this period.

Materials Distribution

Nothing to report this period.

Office Administration

Nothing to report this period.

VIII. Sales Development

Nothing to report this period.

IX. Media Developments

Nothing to report this period.

X. Associations And Conventions

DM Scott Motes attended the National Conference of State Legislators Convention on July 26 and 27. PM sponsored a hospitality room from 9:00 P.M. till 1:00 A.M. on July 26 through July 30. Largest attendance from PM was from the Government Affairs Department. Sample 6's and incentive items were distributed. The convention was a success.

XI. Miscellaneous Comments

Nothing to report this period.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS

New Philip Morris Brands

Cambridge Full Flavor

Cambridge Full Flavor distribution should match that of the Cambridge Lights. The two for one promotion and the $2.00 off carton coupons were very popular with consumers. As always, in the generic priced market, the brand with the best price or deal in the store will sell the best. As a result, Cambridge Full Flavor with $2.00 coupons out sold all other generic priced cigarettes. In fact, a Division Manager for American asked one of our Sales Representatives when we were going to stop placing $2.00 coupons on Cambridge since it was killing Malibu sales. Now that we are back to $1.00 off coupons for Full Flavor Cambridge, sales are leveling off but are still doing good where generics sell well.

Package sales of Cambridge Full Flavor have been better than anticipated, mostly due to the product being on B displays as well as two for one promotions. In fact, it helped all Cambridge packings by being on the entire B unit. We should use this strategy in the future when a line extension is being introduced. The free pack coupons in the paper (July 26 FSI) were timed perfectly since most two for one product was sold out and the B unit and set/sells were there with live product. We also helped sales by having areas for pricing of all POS items. The idea of the final cost to the consumer (after the coupon) was excellent and helped offset any momentum Malibu had going. We even need this pricing area for Players 25's POS items so that we may further stress the savings to the consumer.

Cambridge Full Flavor 100's appear to be outselling the King size packing by about a two to one margin. Also, some complaints have been noted that the filter is too small on the King size packing. Having extra two for one product to place in set/sells, B/V's and pack toppers was an excellent idea. It was very helpful in gaining distribution and generating sales since we were able to sell product on existing fixtures/displays without having to find another home for yet another display or to be able to place a set/sell where a retailer would be otherwise reluctant. As a result, set/sell usage was higher than with previous introductions.

We need an additional item such as window banners to give us additional visibility when a new packing is introduced. A quantity of 30 window banners would be sufficient. Using 10% sliding gratis to close distribution for all packings of the entire brand family is a good idea. There were instances where we successfully used the gratis to introduce the entire brand family.

Carton and package fixture labels should have been provided with all other retail introduction materials. Having labels at the time of the introduction allows for a proper home to be permanently secured and reinforces ordering to the retailer. Pre-booking efforts proved very beneficial, especially in suburban and high SDI areas. Future pre-booking activities will help capture availability of new brands. Suggest the entire brand's packings be listed on forms rather than just the packings being introduced.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS (cont'd)

Virginia Slims Ultra Lights
Benson & Hedges Lights Box

Currently being sold in at chain level and pre-booking at retail on Virginia Slims Ultra Lights. Sell in on both brands at chain level is going well. No major account holdouts at this time. Retail pre-booking is going very well.

Marlboro Lights Menthol

The following direct accounts have accepted the product with introductory allocations as follows:

	Allocation Kings	Allocation 100's	Total Allocation
Illinois Wholesale	4	4	8
Sherman Burklund	4	4	8
Southland Dist. Center	4	4	8
J. M. Jones	4	4	8
Newman Ullman	2	2	4
	18	18	36

Although the product was only to be presented to Wareco, authorizations for retail introduction were secured with Illico, Lincolnland Oil, Stewart Oil, Fanco, and Harmons. Authorizations were secured in these additional chain accounts as a result of a St. Louis Division Manager's request, receiving pre-booked product authorization from St. Louis, and chain account buyer requests.

Philip Morris

On-carton couponing continues to provide Philip Morris with the means of increasing distribution and sales of our Cambridge and Players Lights brands. Stores where we are able to coupon show significant movement, whereas when coupons are not available or not accepted by retail accounts, distribution and inventory suffer. We must look closely at addressing problems we are having with coupon deliveries. A speedy solution is necessary so that our desired distribution goals can be realized.

II. COMPETITIVE ACTIVITY

American

Retail introduction of Pall Mall Red Filter Kings and 100's began August 10 with buy one get one free displays and 50 carton floor displays with $2.00 off coupons attached to carton.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

II. COMPETITIVE ACTIVITY (cont'd)

Rumored that they will test market Pall Mall 30's during the month.

American has discontinued Lucky Strike Menthol Kings and Carlton Slims Regular and Menthol.

Brown & Williamson

Are placing major emphasis on introduction of Capri Regular and Menthol with promotional activity beginning August 10 and continuing through September 25. The first promotional display will be a 24 carton floor display with payment of $7.50 per month. Brand will also be featured on a special permanent counter display (either self-service or non self-service) which holds 20 packs with payment of $5.00 per month. August 17, featured Capri in buy one get one free 90 unit displays with $4.50 payment. Trade gift is a chromatic ink pen.

Heavy coupon activity in the Peoria market area. Utilizing $2.00 off coupons on Belair, Belair 100's, Barclay, Raleigh, Raleigh Lights, Raleigh Lights 100's and Richland. Viceroy is pre-priced from distributors at $2.00 off per carton.

Reps are becoming more aggressive with POS placements lately. Placing numerous Push/Pull decals on Kool, metal signs and large window banners. Also more aggressively pursuing permanent counter display placements.

B&W reps have the option of working 7:00 a.m. to 3:00 p.m. in the summer. This is very popular with representatives as many gas/convenience managers start early and are usually gone by 2:00 p.m. Managers of stores are becoming increasingly harder to find in afternoon hours, especially in the summer.

Falcon being featured in 40 pack set/sells in the Chicago market area and paying retailers $2.00. Reps are aggressively selling in both value center fixtures and package displays.

Liggett & Myers

Territory Managers (Sales Reps) are working nine hour days, Monday through Thursday and one-half day on Friday through the end of the summer.

Promoting L&M, Lark and Chesterfield in select accounts in 20 pack displays with 25¢ off per pack stickers attached.

Are couponing Eve 120's with $2.00 off coupons.

Promotion on all generic packings with offer of buy two packs and get a third pack free.

Lorillard

Featuring Newport Kings and Lights in 20 unit displays with offer of free lighter with two pack purchase and paying retailer $2.50. Also 20¢ per carton rebate to retailers for building inventory. Promoting Kings and Box in 40

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

II. COMPETITIVE ACTIVITY (cont'd)

unit buy one get one free with $1.50 allowance and offer of buy two packs and receive free key chain in 40 unit display with $3.00 payment. Good product movement.

Have been isolated cases where they will refuse to pay for carton fixture space below or along side B&W. Are informing retailers they must be above B&W but this does not appear to be a consistent policy because in many stores, they are paying next to or below B&W. This policy may apply only to new contract with all old agreements being "grandfathered."

All Lorillard products feature $2.00 off carton coupon and an additional $6.00 savings by mail-in and receive book with three additional $2.00 off coupons.

R. J. Reynolds

Fifty cent coupons being used on Doral. Changeover is slow since many cartons still have $1.00 coupons.

Two chain accounts have confirmed that RJR will offer up to $250.00 for overhead package merchandiser ceiling placements. The payment is used as leverage particularly where we occupy overhead placements.

Winston Lights Box being introduced at retail. Placing 40 unit buy one get one free displays and paying retailers $1.50 to $3.00. A good degree of distribution has been achieved along with a high degree of visibility. Product movement has been poor. Supporting brand with large posters and large and small cards.

Promoting Vantage (all packings) with $1.50 off coupon.

Salem in the new carton/package design is appearing in select areas of Springfield and Decatur market areas.

III. TRADE CLASSES

Wholesalers/Distributors

AM Glenn Richards has classified two new subjobbers, **Altira Wholesale**, 2506 West 63rd Street, Chicago, and **Horizon Wholesale**, 114th State Street, Chicago. Horizon is part of the **Horizon Supermarket** chain. They also have another Cash & Carry location, 63rd Street, already classified.

J. M. Jones - Mary Bird has replaced Dave Dun as buyer. She previously held a position in the pricing department.

Clanin Brothers, Toluca, IL plans to sell the operation to an individual from Eureka, IN. Details concerning the sale of this operation and exact time frames are not available.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

III. TRADE CLASSES (cont'd)

Supermarkets

Franks Foods has not opened their new store in Warrenville which was slated to open sometime in June and a decision for the carton rack position has not yet been reached. Franks does advise that RJR has offered a $750.00 one time placement bonus for the Warrenville location.

Jewel - Keith Nelson, former Division Manager for Jewel, has replaced John Mathison, Merchandising Manager, who is now manager of Jewel Midwest. Personnel changes at Jewel continue at a record pace.

Excellent response from supermarkets on the electronic message center. One **Cee Bees** store has one installed and the remainder will be installed by the first of September.

All **Eagle** stores have received new flex racks and have been reset.

AM Glenn Richards classified **Family Pride**, a four store supermarket. The account has the potential for overhead package fixtures.

Convenience Stores

Convenient Food Mart Corporation is running **CFM Central** as a franchise renamed **Convenient of Illinois.** Brad Johnson from Peoria will assume buying duties of the franchise as well as the Peoria franchise. Offices have been relocated to Arlington Heights. Only Jim Porcher and Mary Ritz remain from CFM Central.

Convenience/Gas

Steward Oil will be opening three stations (Lake of the Woods, Rantoul, Mattoon) within 45 days to give them a total of 37 locations. In all three locations we will be placing 8' maxi ceiling mounted overheads, M4 prime, two wall/poles and one counter balance sign.

Horizon Convenience, a new chain located in Rockford, has committed to two maxi overheads in the Woodstock location.

R. **Staples**, new chain headquartered in Lombard, has been classified. This account plans to open ten convenience stores in the next two years. The first location is scheduled to open September 1. They have accepted our low profile (Circle K rack), carton fixture and 6' maxi overhead.

A 5' Philip Morris CMS II rack was installed in **Martin Oil**, Dyer, IN location.

Union 76 has agreed to test our overhead at their Elgin location. Previously, RJR overheads were used exclusively. Union also likes the "wind sign" and exterior POS and wants it presented at station level.

Emro Marketing - Pete Kappas, buyer, has left Emro effective August 14. He is being replaced by current Food Service Manager, Fred Schrauken. Emro plans to

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

III. TRADE CLASSES (cont'd)

have approximately 20 stations remodeled by the end of the year. Local Emro executives indicated Emro's home office has authorized RJR overheads for all new and remodeled stations. Local executives prefer Philip Morris racks, but their hands are tied.

Exel Sales has replaced their Compact/Impact departments with RJR carton fixtures. Exel received a $250.00 placement bonus for all nine of their stores. We have signed a contract for Category 1, 100 rows in eight stores and Category 1, 85 rows in the Crystal Lake store.

Thornton Oil plans on expanding by approximately 30 locations in the Chicago area. AM Debbie Hufford is presently working on pinpointing a contact for the Chicago area.

AM Jerry Jonen reports that **Norco Oil** (convenience stores only) have agreed to the placement of Marlboro shopping baskets.

Gas Stations

D'Essance Oil, Dixon, has signed an AM agreement. Four stations have the four wide fixture while three stations have the seven wide fixture. All fixtures placed with security shields. Marlboro headers for the units will be placed upon receipt of materials.

Drug Stores

The automatic shipment on Cambridge Full Flavor in **Walgreens** worked out very well. With 15 cartons being forced out, it enabled representatives to exchange Cambridge Menthol in to obtain distribution.

Mass Merchandisers

Plan A sets for **F&M Discount** stores began in July. Carton fixtures are being set as per the plan-o-grams. No problems have been reported with F&M's management concerning entering or setting carton racks.

Liquor Stores

Armanetti Liquors - One 6' carton fixture (CMS II) and one 8' overhead were placed in their Downers Grove location.

Other Retail Outlets

DM M. Terrell and SR Sheila McMahon sold in our System 2000 carton racks in **Tobacco Butt** in Bensenville. This account sells 8,000 cartons per week. Forty-two feet of double depth rack were placed.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

III. TRADE CLASSES (cont'd)

Vendors

RKG Services bought **Paul's Vending** in July. AM B.J. Marshall has signed a Plan D contract and placed RKG on DataVend. RKG Services has 20 plus machines.

Returned Goods

Eby-Brown is requesting we send back all loose packs of Marlboro Red Soft and Box. Marlboro repacks have been back ordered for six months now. Brett Fender, Buyer, feels this should not be Eby-Brown's responsibility.

J. D. Munch has agreed to use product that is still good when pulling out from vending machines. Will use this product in other vending locations.

IV. SSM KEY ACCOUNT CONTACTS

Eby-Brown Aurora — Brett Fender, Buyer
Aurora — Tom Wake, Vice President

Finalized details for our involvement in Eby-Brown's trade show, August 22 and 23. This is the first year that we have been involved in this event and they were very pleased that we had finally agreed to participate. We also discussed changes taking place within the cigarette industry as well as business conditions within the State of Illinois.

Springer Burklund — Dale Burklund, President
Peoria

Discussed industry sales within the Peoria market as well as opportunities for improving cigarette sales within some of the chains that they have started to service this year. Dale and his people have a very positive attitude toward Philip Morris and have helped us secure fixture placements in a number of accounts that they service.

SAM Alan Sher

July 23, 1987 - Dominick's - Contacted Buyer Ed Krupnik to gain distribution of Virginia Slims Ultra Lights, Benson & Hedges Lights Box, force ship 10 cartons of each brand for 89 stores, gain display authorization of Virginia Slims Ultra Lights and present EMC signage. ED accepted both brands and will make an automatic shipment for all stores. No displays were authorized and the EMC signage is pending.

July 24, 1987 - **Clark Oil, Rockford** - Contacted District Sales Manager John Burke to obtain automatic distribution and display authorization for Virginia Slims Ultra Lights and Benson & Hedges Lights Box for 83 outlets. Also presented banner sign and System 2000 program. Accepted Virginia Slims Ultra Lights distribution and 40 unit two for ones for 83 stores. Banner sign was accepted and 25 stores will be selected for placement. System 2000 rack is awaiting review by senior management.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

IV. SSM KEY ACCOUNT CONTACTS (cont'd)

Clark Oil, Chicago - Contacted Buyer Ron Meyer to present distribution, automatic shipment and display program for Virginia Slims Ultra Lights and Benson & Hedges Lights Box. Also presented banner signage. Ron accepted distribution of both brands but declines other proposals.

July 27, 1987 - **Walgreens** - Contacted Dale Solner, Buyer, to present automatic shipment and distribution of Virginia Slims Ultra Lights, Benson & Hedges Lights Box, Marlboro Lights Menthol and System 2000 program. Buyer accepted all three brands, automatic distribution is pending and System 2000 is pending visual presentation of actual unit at headquarters.

July 30, 1987 - **Southland 7-Eleven** - Presentation to Nancy Smith, Buyer, for authorization for distribution, automatic shipment and two for one displays for Virginia Slims Ultra Lights and Benson & Hedges Lights Box. Buyer accepted all four packings and is surveying stores for their response to automatic shipments and displays.

August 7, 1987 - **Clark Oil, Rockford** - Presentation to John Burke, District Sales Manager, for System 2000. John likes rack and will set up test store during the week of August 31.

August 11, 1987 - **Southland 7-Eleven** - Contacted Buyer Nancy Smith concerning Cambridge and FVB distribution per corporate program. Buyer still awaiting additional direction from Dallas headquarters, but it looks favorable to place brands in non self-service BV rack in all stores.

V. MERCHANDISING PROGRAMS

Carton Merchandising

Plan A

Our most recent reports show us averaging 88.2 rows in contracted accounts selling 500+ cartons per week and 62.4 rows in accounts selling 300-499 cartons per week. Small fixtures average 35.4 rows. Standard fixtures average 40.0 and extended average 68.8 rows.

Eligible Plan A status:

Chain: None
Independent: Category I - 7 Category II - 15

We have begun implementing our new Plan A. Along with our new Plan A, presentations are being made on behalf of AM, AV, and AG fixtures. Several opportunities present themselves for these programs. The AM fixture is an excellent vehicle to build additional inventories and gain additional rows where space is limited on carton fixtures. It will also provide a vehicle to secure cartons offered in self-service fixtures in low volume accounts now selling cartons non self-service, providing visibility for our products. We are addressing this during work-withs.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

V. MERCHANDISING PROGRAMS cont'd)

AV/AG Fixtures

To date we have placed 444 AG fixtures and 310 AV fixtures. Current penetration of self-service stores is 25.7%.

Plan A-1

Marlboro Sports Bag - Management sell-in was successful. Good degree of chain participation was received. It was good to see Area Managers receive sports bag to use as a visual during their sell-in. The program is being used to increase distribution and inventories on behalf of the entire Marlboro family. Distribution concentration is being given to Marlboro Menthol, Marlboro 25's, Marlboro Lights 25's and Marlboro Lights Box (Kings and 100's.) Display size, incentive packaging, allocations and payments are satisfactory. The sport bag incentive was very well received by retailers and consumers. A popular, useful incentive. The large displays are time consuming to build and stock for Sales Reps. Approximate time spent in a call is one to one and one-half hours. Allowing participation in non A-1 outlets is beneficial, enabling us to gain better penetration/visibility and pleasing those retailers who because of sales, are not able to participate in our full A-1 program. Overall, the program was very successful and poplar. We anticipate 100 % usage.

Compact/Impact

Nothing new to report.

Pack/Counter Merchandising Program

Plan B

	July	June	Change
B-2	74	78	- 4
B-3	734	763	-29
B-4	371	364	+ 7
M-3	655	633	+22
M-4	686	672	+14
Total	2,520	2,510	+10
Add-On Modules	1,193	1,203	-10
Primary Position	992	982	+10

Total B/M penetration has increased to 31.1%

To date we have placed a total of 1,612 displays, an increase of 62 units. Penetration is currently 19.9%, an increase of .8 over previous month.

Plan B/M

We still need hardware (mounting plate to slide under register and extension platforms for maxi units) to improve locations.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

V. MERCHANDISING PROGRAMS (cont'd)

A $25.00 bonus is needed to encourage major holdout accounts to place our units in prime locations. The $5.00 payment does not have enough impact.

The following accounts have been signed:

Stewart Oil, Quincey, M4 prime, effective 7/87.
Illinois Ayers, Petersburg, M3 prime, effective 7/87.
Illinois Ayers, Clearlake - Springfield, M3 prime, effective 7/87.
Illinois Ayers, Decatur, M4 low profile, non prime, effective 7/87.

Compliance levels and maintenance can be strengthened. We continue to address this with Division Managers and Sales Representatives during work-withs. We also continue to address new placements, upgrades, add-on modules and prime positioning ongoing.

AM Glenn Richards reports receiving information via phone conversation with an Area Manager in New Jersey that **Faber Coe & Gregg** has updated B3's to M3's or M4's with add-on modules. No written communication has been received to date. Written authorizations to the field are necessary to gain these display placements at Faber Coe & Gregg.

Plan BV

Since our last report, Division Managers report placing 62 displays. We are currently penetrating 19.8% of our accounts. Displays are being presented along with our Cambridge Full Flavor introduction. Compliance levels and positioning are being addressed. Inner-city retailers are not keeping displays properly merchandised. They are waiting to buy stock from our Sales Representatives to refill displays. Retailers state it is more important for them to buy popular priced brands as they account for the majority of their sales.

Plan BG

Since last report Division Managers report placing 24 displays. We are currently penetrating 9.5% of our accounts, using this as a vehicle to house Players Lights 25's and Marlboro 25's in our efforts to break distribution. Life span continues to be short.

Vending Program

In our Section, 191 vendors operating 17,313 machines are participating in our Plan D program. Of these vendors, 55 are on the DataVend system with 8,854 machines, 51.1%.

Through the month of July, we have secured 1020 placements (387 Benson & Hedges, 327 Marlboro, 100 Merit, 8 Parliament and 198 Virginia Slims.) Ride-withs accounted for 724 placements and 296 were vendor placed.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

V. MERCHANDISING PROGRAMS (cont'd)

Philip Morris Fixtures

Carton Fixtures

We currently have 302 accounts with Philip Morris carton units. This is an increase of 5 accounts over the last report.

Green Oil has committed to 14 single depth fixtures for their nine remaining stations where Philip Morris fixtures have not yet been placed. This is to be completed by year's end.

New Placements:

Martin Oil, one 5', CMS II rack.
Armanetti Liquors, one 6' rack.

Package Fixtures

Overhead Pack Merchandisers - 1,447, an increase of 51 units since last report. 8' maxi - 264 8' - 364 6' - 772 other - 47

New Placements:

R. Staples - one 6' maxi
Armanetti Liquors - one 8'
Stewart Oil, Kewanee - 8' maxi replaced 8' PM
Stewart Oil, Urbana - 6' maxi replaced RJR overhead
Fairplay, 22nd and Western, Chicago - 8' replaced RJR wall modules
Fairplay, 34th and Halsted, Chicago - 6' replaced RJR wall modules

Sales Representatives report that RJR is offering $100.00 to $250.00 to retailers for the removal of our overhead fixtures. Nothing has been seen or secured in writing.

Penetration: We have 1,837 accounts with 1+ package fixtures. This represents an increase of 95 since the last report. We have now penetrated 27.7% of our stores (+1.3%.)

VI. SECTION ACTIVITIES

Retail Activity

Our retail placements of set/sells, temporary POS and semipermanent POS continues to be above index. ICR error rate continues to be out of control at 22.3%, but inquiries with IMS indicates that both the sales force and the system are responsible for this and it is impossible to determine how much of the problem ties in with our reporting. Call rate for July was 10.9 per day. Intercept coupon usage continues to be low due to multitude of programs taking the Sales Rep away from the consumer point-of-purchase into the managers office. As cycling was waived due to brand introduction, only 9 of 62 territories cycled, however, 90+% of accounts were contacted during the cycle.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

VI. SECTION ACTIVITIES (cont'd)

We continue to address and further develop distribution, set/sell usage and penetration, consumer work mission, visibility (temporary, specialty, permanent), creating retail dominance, greater penetration of our merchandising programs and carton/package fixture placements.

During August, activities are centered around introducing Cambridge Full Flavor, improving distribution for Cambridge Lights and Players Lights 25's, pre-booking Virginia Slims Ultra Lights, Benson & Hedges inner-city program, reporting (new ICR/FSR), package and carton fixture placements, BV, B/M, AV/AG/AM placements, Plan A, placing Marlboro A-1 displays and gaining/maintaining accurate call book profiles.

Management Activity

Area Managers are presenting Plan A, B/M, BV/BG, AV/AG/AM, Virginia Slims Ultra Lights, B&H Lights Box and permanent POS to chain accounts.

We have secured a very high degree of overhead package fixture penetration in our chain accounts and continue to make inroads here. We continue to work on improving visibility presenting all materials made available. Brand introductions have been very good in both chain and distributor accounts.

Division Managers are to contact DR's and VR's with their Sales Reps, insuring they have proper understanding in contacting these accounts to gain desired business results.

Division Managers were involved in training representatives on new Plan A, AM, AL and AV contracts and uses. Also, implemented verification of invoice to determine volume so more accurate row gap analysis can be obtained.

Special Programs

Benson & Hedges Inner-City Program

Overall the program is going extremely well. I feel we will meet our expectations of increasing availability and visibility for Benson & Hedges. Special coverage would maximize the programs success and should be provided for this program.

We expect 100% placement of the two for one displays. Retailer acceptance is strong. Based on retailer feedback, I recommend increasing the number of units from 20 to between 40 and 80 or allowing for multiple display placements with expanded payments. Several retailers were disappointed with the 20 units. Product sold extremely fast and we lost awareness/impulse buying created by the display.

We anticipate 100% usage of the two pack with lighter display as retailer and consumer acceptance has been strong. Display size, packaging and payment is satisfactory. It is good to see an allowance made for the placement of two 40 unit displays. This was well received by retailers and Sales Representatives and should also be practiced with the buy one get one free promotions.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

VI. SECTION ACTIVITIES (cont'd)

Viva Mexico Festival - July 24 through July 26, 1987, Hawthorne Park. Marlboro participated in this hispanic event with large Mexican attendance. Program personnel said that 150,000+ people attended the event. Four Philip Morris Managers and 18 Sales Reps worked a total of 214 hours. We sponsored one of the two main stages where a high degree of visibility was achieved by the placement of two Marlboro logos placed by the festival personnel and six 3' x 4' banners. We also received visibility through a booth which was decorated with Marlboro advertising and through our prizes, giveaways and samples that we distributed throughout the festival. An adequate supply of samples and incentives were received with 100% usage. Our sponsorship was also announced on the main stage throughout the event and printed on fliers that advertised the festival schedule. The new sweepstakes with color coded sweepstakes cards was an excellent idea. This new method made it easier to work. However, I recommend that the tickets as well as one of two sweepstakes boards be printed in Spanish. I would like to recommend that sponsorship negotiations be handled at the local level or that New York office personnel come out and personally speak to festival organizers. For the money being spent, I feel we can get much more mileage out of the festival in terms of being present/participating in all related festival events to include various banquets throughout the week prior to the festival.

We recommend using headbands, wristbands and can cooler holders as incentives for festivals. They are very popular items. Also recommended is the Marlboro advertisement in all festival posters, fliers, tickets and media publications along with all other sponsors. This will generate a great deal of publicity on behalf of Marlboro. This program was well organized. We received very good cooperation from festival members and recommend future participation.

Taste of 87th Street Festival, a black event, was held August 1 and 2 in Jeffrey Park on Chicago's south side. Fifty thousand people attended while one Philip Morris Manager, our Full Time Sampler and three Sales Reps worked a total of 64 hours sampling our Benson & Hedges brand. We paid $800.00 for a 20' x 20' booth from which we conducted a sweepstakes and sampling activities. Incentives utilized were B&H caps, visors, T-shirts, duffel bags, plastic bags, lighters and key chains. The quantities of incentives were not adequate, as we provided our own which were left from 1986 festival participation. Samples were provided from Sampler Joyce Vaughan's allocation. New York was unable to supply us with incentives and samples. If additional incentives and samples had been supplied, we could have made a greater impact at the event. Visibility was achieved by POS in the booth. Prior to the festival, a POS blitz was conducted in a three square mile area of the event and we were able to improve our visibility. This event was well organized and we received good cooperation from festival members. I recommend future participation.

We participated in **BSI Neighborhood Fun Festival**, August 7-9 at Garfield Park on Chicago's west side. Program personnel said 62,000+ people attended and our Full Time Sampler and three Sales Reps worked a total of 82 hours. We paid $1,500.00 for a stage sponsorship and 20' x 20' booth from which we conducted a sweepstakes and sampling activities. Incentives used were B&H caps, visors, T-shirts, duffel bags, plastic bags, lighters and key chains. Visibility was provided by two stage banners and POS in the booth. The quantities of incentives were inadequate as we provided our

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

VI. SECTION ACTIVITIES (cont'd)

own which were left from 1986 festival participation. Samples were provided from Sampler Joyce Vaughan's allocation as New York was unable to supply us with incentives and samples.

Sampling

Marlboro and Benson & Hedges sampling programs are in full swing. Consumer response is very good for both programs. All Marlboro message cards were destroyed as advised in July. Of special note, Marlboro Menthol requests have increased. Interest for the brand is good.

On Saturday, July 4, SR Francisco Rivera sampled the **Fernando Valenzuela/ Daniel Martin Baseball Leagues** at Douglas Park in Chicago. Four hundred plus people attended the event, mainly families with mostly non-smoking age people. Only 500 samples were utilized. Marlboro banners placed at the baseball diamonds created visibility.

Permanent Point-Of-Sale

Electric clocks, sold here and push/pull decals were received in a timely manner. I would recommend increasing the allocation of sold here signs from 18% to 50% of adjusted accounts and increasing the allocation of push/pull decals from 18% to 36% of adjusted accounts. This would allow us to achieve a higher degree of visibility along with combating competitive activity. Would also recommend providing store hour decals and the B&H Trumpet decal which provides a high degree of visibility. All pieces are bright, attractive and being well received by retailers. We have secured a good degree of visibility in the black marketplace. This year it does not seem that our program was coordinated with outdoor billboard advertising as was the case last year when the advertising coordinated with the program proved very successful.

J & L Oil, 58 stores, has accepted our counter balance signs with logos for exclusive exterior signage. Requisition and logos have been submitted.

Armanetti Liquors, Go Tane, Kwik Pantry, Aberle, Carl & Tom's, Doc's Drugs, Exel Sales, Franks Foods, Kelley Williamson, Lamperts Pharmacy, Liquorland, and **Malloy's** have all accepted Marlboro shopping baskets.

Our competition beats us on In/Out decals. Ours need to say In or Out on both sides. These are essential for traffic flow in multi-door outlets.

Our store hour decals need to be reworked. When business hour decals were changed to horizontal rather than vertical, we kept using the same number booklets. These numbers do not exactly fit the horizontal and as a result, the numbers are not centered on each line. Also, the booklets do not contain enough 10's. Ten a.m. is a very popular time to open with liquor and drug stores and 10:00 p.m. is a very popular time to close. Each booklet contains two pages of 15's and two pages of 45's. These are useless, as stores normally do not open or close at 15 or 45 minutes of the hour.

Wareco Oil with 50 locations has accepted the Marlboro Banner.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

VI. SECTION ACTIVITIES (cont'd)

Virginia Slims Message Centers, Marlboro Multi Brand Illuminated Pricer and Marlboro Multi Brand Pricer have just arrived in the field. No placements to date.

Additional permanent POS pieces are badly needed and I recommend that we quickly mass produce more of the existing POS items and include department markers with lotto messages, two-sided decals, Marlboro clocks, Benson & Hedges full scale clocks and Benson & Hedges street signs. Competitive efforts to minimize our visibility have been ongoing. We are experiencing a loss of visibility because of our competitors aggressive coverage patterns. While we strive to build inventory on value brands and maximize our space on carton fixtures, our competitors are replacing our permanent POS items. An increase in materials and POS manpower is definitely needed.

VII. SALES SERVICES

Systems

Contingency Call Books, effective August 3, are showing asterisks under Trip. In the past, contingency calls were not given a Trip. We were never given instructions to Trip contingency calls and were told to report frequency as other.

Materials Distribution

To date we have not received Cambridge Full Flavor carton rack labels. Binders for the new Call Book, ICR/FSR and Call Summary have not been received.

VIII. SALES DEVELOPMENT

Sales Tools

The pre-booking forms we used for the Cambridge Full Flavor and Virginia Slims Ultra Lights introductions are a great asset to sell-in efforts.

A "calculator" to show a retailer row gaps, which includes number of deliveries, number of packings, volumes, etc., is needed.

Presentation Materials

Brochures for exterior signage, shipping baskets and indoor/outdoor signs were excellent.

Division Managers need new overhead projectors since most are not working. The previous ones are of bad quality.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

IX. MEDIA DEVELOPMENT

Nothing new to report.

X. ASSOCIATION/CONVENTIONS

On Tuesday, July 28, 1987, SSS Mark Lopofsky, DM Roberto Arciniega and SR's Fernando Baca and Francisco Rivera attended the press conference for the Con Sabor Mexico Festival, held at Ditkas City Lights and sponsored by Benson & Hedges. Posters were placed and video graphics were displayed on monitors, creating B&H visibility. In attendance were Henry Cardenas, promoter, along with his associates and other sponsors and festival participants.

AM Debbie Hufford attended the Mid America Petroleum Marketers golf outing on August 4 along with Martin Oil, Emro, Minuteman, Sproco, Eby-Brown, Core Mark, Road Pilot, Union 76, Excel Sales, J & L Oil, Kean Gas, Shell Oil, Sweeney Oil, Southland and Broadus Oil personnel.

On August 6, AM's Debbie Hufford and Anne Armbruster attended the Grocery Manufacturers Sales Executives meeting. Accounts attending were Dominick's, Jewel, 7-Eleven and White Hen.

AM Tim Walker attended the Illinois Petroleum Marketers Association Summer Golf Outing held at the University of Illinois Golf Course in Savoy, IL. Tim golfed with Bob Green, President of Green Oil and secured carton fixtures in nine additional Green Oil Stations. During dinner Tim aroused Wareco's interest in our overhead package fixture and their architects asked us to provide them with specs. We donated Marlboro lighters and Virginia Slims playing cards and sampled 375 Marlboro sample 6's. RJR donated Winston coolers for door prizes. We recommend future participation in this outing.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

I. MARKETING CONDITIONS

NEW PM BRANDS

Cambridge Full Flavor

The packings have continued to surprise us, and several accounts, with very brisk sales to date. Pre-book demand generated much initial movement to retail and reorders from retailers are taxing inventories at wholesale. These items appear to have captured the fancy of the consumer in very quick fashion. Our couponing, Plan B merchandising and distribution penetration, thanks in larger part to Sales Rep pre-book efforts, have built excellent visibility and trial.

Several elements will need continual emphasis to establish "legs" beneath these packings: Maintaining stock conditions at wholesale adequate to meet coupon redemption demand, upgrading visibility at retail with value center placements (both carton and pack) and continued attention to the packings at S/R level. We can support the S/R's efforts and create time efficiencies for them by couponing with part-timers at wholesaler level. This would give greater immediate sales impact at retail, generate reorders from retail and save considerable time for our field Reps.

The Full Flavor introduction has added considerable momentum to the entire Cambridge family. Total distribution has improved by 3.5 to 4.0 percent on all Lights packings over the last ninety days. Ultra 100's are up 6.2%.

Presentations are continuing to direct account holdouts, World Wide/Holiday and Schultz Sav-O.

Virginia Slims Ultra Lights

Acceptance has been excellent at direct accounts. Buyers seem to be impressed with the packaging and promotional offers. Wholesale accounts question the "low" allocations being offered to them.

Early indications are that pre-booking is going very smooth and acceptance is excellent. Sales Representatives comment that almost every account will carry the product. They have made approximately 35% to 50% of their calls so we should have another winner here.

Most chain level appointments will be during the next three weeks. I do not foresee any problems with this product at chain and retail levels. The massive amounts of display programs and couponing will be a big boost in getting this product off the ground.

B & H Lights Box

These two packings are meeting with more resistance than any of our recent introductions. After some refusals when presented along with Slims Ultra, most Area Managers have decided to present B&H separately next month, using pre-book orders to gain acceptance.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

PHILIP MORRIS

July unit sales were off as expected following June's price increase. Year-to-date business remains strong at +2.7%. Marlboro Box packings, Merit Ultra and the Cambridge family account for most of our increase. We continue to exceed industry performance significantly in all markets. Section SOM has improved by 2.2% YTD and by 2.7% for the current three months.

INDUSTRY

Competitive couponing, both on-carton/pack and by mail, continuing to increase. All competitive companies are experiencing SOM loss year-to-date, ranging from RJR -1.03% to L&M -13.48%.

Economic conditions remain fairly stable throughout the Section, with retail sales, employment and new construction all increasing.

LEGISLATIVE ACTIVITY

Governor Thompson of Wisconsin did not line veto the excise tax increase and it will become effective September 1, 1987. Another five cents per pack. There will be no floor tax at retail. From the information received, the Sales Reps will have to either fill out a form and pay the additional state tax on their car stock or turn it all in to the jobber and buy it back at the higher price on Tuesday, September 1.

On July 28, a member of the WATCD met with the Dept. of Agriculture in a public hearing to set up some emergency rules for enforcement of the fair trade law. These rules will be in effect for six to eight months until some permanent rules can be set. The state has just been sending out warning letters to those who have been selling too low. Now they will start fining those who violate this law.

II. MAJOR COMPETITIVE DEVELOPMENTS

AMERICAN

Currently selling in Pall Mall Red Filter Kings and 100's at wholesale houses. Shipments to these houses began August 10th. Introductory allowance is ten percent off list price from August 10-28 on all purchases of these two new packings. Regular 3½% discount and 30 day terms apply. All cartons of the new packings shipped during initial stages of the introductory period will have a two dollar instant store coupon attached.

This introduction appears to be for select markets. There will also be a four dollar cash payment made to each retail account, if they have stocked two cartons of each packing, when the Representative calls on the account during the introduction period ($1.00 per carton). L. F. Currie & Sons, distributor in Duluth, Minnesota, is passing on a spiff of 25¢ per carton to their salesmen from August 7-21.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

AMERICAN (continued)

Malibu is only doing well in certain outlets where the product is displayed. Package sales are very slow. Paying 50¢ to $1.00 to place Malibu posters in windows in the Madison area.

Heavily couponing Carlton, Lucky, Pall Mall 25's and Malibu. Movement on Lucky remains stable, with little or no movement on the other brands.

New billboards of Lucky filter, "Always $2.00 Off A Carton", show a coupon on a carton of Lucky Lights.

American is aggressively buying space on value centers, $2.50 per row, and if on the main carton rack, $3.00 per row.

Rumored the following packings are being discontinued: Lucky Menthol, Tareyton Lts., Pall Mall Lts., Carlton Slims Regular & Menthol.

BROWN & WILLIAMSON

Continuing to work the Raleigh/Belair two dollar off program and placing Kool floor bins with two dollars off per carton. Richland "2 for 1's" are showing good movement, but no repeat business. Attaching two dollar off coupons to Richland cartons.

B&W Sales Reps are evidentally eager to sell in our System 2000. They are supporting the presentations that have been made.

LIGGETT & MYERS

It has been reported that L&M 100's 30-pack is being tested in North Carolina and surrounding areas for the same price as 20's.

LORILLARD

Promoting new silver packs of True on twenty unit displays featuring a free lighter with two pack purchase. Coupons with no expiration date are being placed on cartons ($1.00 & $2.00) and on packs (50¢).

Retailers are being paid $8.00 a month for new plastic, thirty unit display that resembles a pack of Newport.

Plastic coated paper is being used for Newport and Old Gold Lts. posters.

R. J. REYNOLDS

The Nabisco candy line products are to be handled by RJR's tobacco sales force (possibly not the retail Reps, but definitely by the Key Account Managers).

RJR is couponing all products using instant on-carton, newspaper free pack and two dollar off coupons.

Reps in the Dakotas report strong movement on the new Winston Lights Box "2 for 1's" and retailers report good movement on carton sales.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

R. J. REYNOLDS (continued)

Sales Reps are working to replace our maxi overhead with their low profile crank model. Rumored that store personnel are very dissatisfied with this rack. Also reported they are offering a thousand dollar bonus to retailers who convert from our System 2000 to their carton fixture.

They have also been working a floor display that pays the store a rebate of $250.00. It is a five hundred carton display of all RJR brands with a two dollar off coupon attached. The way payment is determined is the store orders five hundred cartons and is paid 35¢ per carton in a cash rebate and a $75.00 display placement fee (35¢ x 500 = $175.00 plus $75.00 equals $250.00 floor display rebate).

GENERICS

With the most recent round of price and tax increases, this category will play a more important role in the unit and share point game within the industry. Price gaps of $2.00 to $3.00 per carton are now common at retail - full margin is generic price. The struggle for inventory and distribution/visibility at retail keeps intensifying as all the players, save Lorillard, are in the game. It has become clear that the success of Doral and Cambridge has created the most viable new niche in the category and that B&W and American are going to try to establish a position within it.

American's Malibu has been reasonably successful in establishing a customer base to date. Inventories, distribution and visibility have been critical for them in building sales momentum for the items. Rumor has been spreading that they will break with three king size SRV's in the near future.

B&W has intensified efforts to stimulate some movement on the Falcon Lts. franchise - buying rows on generic fixturing to support inventory and distribution levels. Ten and twenty-five cents off per pack stickers, as well as $2.00 off carton coupons, are being used to stimulate consumer trial for the franchise.

L&M's Total is being worked in spots with little evidence of any success in either distribution or sales.

III. TRADE CLASSES

WHOLESALE

Distributors

Along with expanding product lines, this group is now looking to sell themselves by adding services. Store sets, store plan-o-gramming, velocity reports, shelf tagging, and frequent deliveries are becoming industry standards for the large, aggressive wholesalers. The lines of distinction between traditional distributors and grocery wholesalers is becoming more and more blurred. They are selling programs and packages as opposed to products. Emphasis certainly lies in the area of convenience store operations presently and it behooves Philip Morris to provide these "hybrids" with category information and become more familiar with their programs and operations.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Minter-Weisman, Minneapolis, Minnesota - The largest direct account in the Section reports that we did 44.4% of their July cigarette business. Cambridge represented 3.7% of our sales and 1.6% of Minters. This is a very accurate measure of our Twin Cities S.O.M., as Minter services a wide variety of accounts.

Jude Candy - Plymouth, Minnesota - Had a truck broken into and lost about five hundred cartons of cigarettes. This is just the beginning of what may become a common problem for distributors as the product's value increases.

Wholesale Grocers

Pick-N-Save - The buyer is realizing the immediate need for us to purchase more rows in their operation. The buyer and some supervisors are willing to give us some test stores for our System 2000, only if it shows him additional profit. Will be placing an Electronic Message Center in a franchise store at Capitol Drive in Milwaukee and maybe one in the Lake Geneva store. Corporate stores will get units as they remodel.

Woodman's - It appears they will either go with ten feet of our rack and ten feet of RJR's rack or, if RJR doesn't agree with this and pay for this configuration, we will get all twenty feet with System 2000. This has been presented with the Electronic Message Center. The buyer is impressed, but must get approval from the owner, Phil Woodman.

Godfrey - It appears this account will accept both new brands, Virginia Slims Ultra Lights and B&H Lts. Box. The Act Now program was a very strong selling point for this account.

Food 4 Less (Division of Holiday Cos., Inc.) - Presently have an exclusivity contract with Shurfine for the franchise and/or operations rights of the Food 4 Less name in seven midwestern states (Iowa, S.Dakota, N.Dakota, Minnesota, Wisconsin, Michigan and Illinois). According to their contract, they must have at least one store up and operational by year-end 1987 or lose their exclusivity rights. We were advised that they will be opening stores in South Dakota, Minnesota, Michigan and Illinois by this deadline. Indications are that they will all be corporate stores. This group presently operates eleven supermarkets averaging about 48,000 sq. ft. each. The Food 4 Less concept is the cornerstone of the Supermarkets Division of Holiday Cos., Inc. They intend to expand this concept more heavily and increase their activity through this concept to become less dependent on corporate markets and more of a grocery wholesaler. It would not be surprising to see Holiday Cos., Inc. acquire other retail/wholesale operations in the next six months.

Rainbow Foods, Minneapolis, Minnesota - Has agreed to test a seven shelf System 2000 fixture in Rainbow (green or almond color). Could lead to chain wide (eighteen stores at 1100 c.p.w.) acceptance.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

CONVENIENCE/CONVENIENCE GAS

All outlets under this category report excellent sales for the summer months. Receiving more and more inquiries about self-service carton merchandising from these outlets.

Curtis Food-N-Fuel, Duluth, Minnesota - Curtis is waiting to try our low profile overheads. There is a possibility of two or more stores to try these fixtures.

SuperAmerica, Bloomington, Minnesota - Brian Humphrey, cigarette buyer and merchandiser for years, is now only the cigarette buyer and will only be involved with buying new products. Merchandising will be done by Jim Sullivan under his newly created position.

Tom Thumb, Hastings, Minnesota - Anxious to implement the 3-pack price banners with Marlboro advertising and we are negotiating on a custom permanent counter display.

MASS MERCHANDISERS

Target, Minneapolis, Minnesota - Still awaiting final decision on System 2000. Several levels of approval required, including their President. Still looks very promising.

DRUG

F & M Distributors - Michigan based drug store chain is planning to open three new stores in the Milwaukee area in August and will consider three additional stores for the future. Their supplier will be D. Kurman Co. Cigarette fixtures will be non-self-service.

RETURN GOODS

Our YTD returns have declined 15% through July. Expect an even greater decrease for the balance of the year. As a result of recent state tax increases, neither Minnesota nor Wisconsin are giving full credit at the new rate.

IV. SSM KEY ACCOUNT CONTACTS

Target Stores, Minneapolis, Minnesota - Contacted Buyer Trish Adams and Assistant John Mullaney to follow-up on System 2000 presentations. Expect favorable decision by 8/31.

Rainbow Foods, Hopkins, Minnesota - Contacted Bill Peterson, Buyer/Merchandiser, to present Virginia Slims Ultra and System 2000 with Tim Byrne. New items are not well received at Rainbow. We will get distribution on Slims, but it may lose Multifilter and/or Saratoga Menthol as a result. Bill requested that we build a seven shelf System 2000 department in their green color to test. Tim is following up with George Moreo and Harbor Industries.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000

Super Valu, Hopkins, Minnesota - Presented System 2000/EMC to Dave Haugen, Director of Retail Operations, with SAM Tim Byrne. Also discussed the Super Valu/Testmark sponsored study on cigarette category profitability with Dave. Dave is supportive of our fixtures and programs, but owners/managers of the individual retail outlets make the final decision on department size and fixture supplier. Dave suggested we contact Bob Rahb of Testmark concerning category study. We are following up with the assistance of Arthur Goldfarb of Market Research.

SAM KEY ACCOUNT CONTACTS

Super Valu
Hopkins, Minnesota

Larry Langsweirdt
Grocery Products Mgr.

Tim presented a six month business update, IDP review and discussed market conditions. Larry was generally pleased to see business with PM was up 11% vs. PM business in state at +.1%. They also discussed the possibility of couponing Cambridge and Players at the wholesale level, but Larry would prefer to see it done at Murphy Warehouse. After Tim explained the legal problems of doing it at a bonded warehouse, Larry felt "occasional" coupons could be applied at the warehouse, but did not think continual weekly affixing would be allowed. Tim will follow-up.

Food 4 Less (Div. of Holiday Cos., Inc.)
Minneapolis, Minnesota

Mike Kempe
Dir. of Merchandising

Tim signed this account to a national A-1 (11 stores). Due to the company's corporate taking a low profile position on cigarette/tobacco advertisement, they rejected Tim's EMC proposal. Information was gathered on data entry for scanning of new products. All entries are to be made at their office and they will retail what their wholesale divisions carry.

Cub Foods
Stillwater, Minnesota

Dale Monson
Merchandising Manager

Virginia Slims were accepted and can be pre-sold by Reps at retail. Tim discussed setting up a test to measure the selling power of EMC. Dale liked the idea and they plan to measure movement of items spotlighted on the message center. Tim will follow-up.

Super Valu
Hopkins, Minnesota

Bob Linton
Buyer

Tim reviewed six month sales figures and Bob was pleased with sales increase vs. 1986 movement. He accepted both new items.

Super Valu
Eden Prairie, Minnesota

Randy Wigart
Product Manager -
Controlled Brands

Tim assisted Dennis O'Neil with Business/Market Review on generic category and presentation of FVB's new program. Randy was impressed with the Business Review and gave a positive reaction to the elements of our new FVP program. Will review the program with Roy Jones and J. Noddle in the near future.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmxl0000